

### Washington State Liquor and Cannabis Board

Date:	October 23, 2024
То:	David Postman, Board Chair Ollie Garrett, Board Member Jim Vollendroff, Board Member
From:	Daniel Jacobs, Policy and Rules Coordinator
Сору:	Will Lukela, Agency Director Toni Hood, Agency Deputy Director Becky Smith, Director of Licensing and Regulations Chandra Wax, Director of Enforcement and Education Justin Nordhorn, Policy and External Affairs Director Cassidy West, Policy and Rules Manager

#### Subject: Board approval of proposed rules (CR-102) on Implementing House Bill 2204 regarding emergency liquor permits.

The Policy and Rules Coordinator requests approval to file a rule proposal (CR-102) to create a new rule in Chapter 314-38 WAC to implement <u>House Bill 2204 (chapter 91, Laws of 2024)</u>, codified as <u>RCW 66.20.010(19)</u>, as described in the CR-102 Memorandum attached to this order and presented at the Board meeting on October 23, 2024. If approved for filing, the tentative timeline for this rule proposal is as follows:

October 23, 2024	Board is asked to approve filing proposed rules (CR-102). CR-102 filed with the Office of the Code Reviser. LCB webpage updated, and notice circulated by GovDelivery distribution list. Formal comment period begins.	
November 6, 2024	Notice published in the Washington State Register under WSR 24-21.	
December 4, 2024	Public hearing held and formal comment period ends.	
No earlier than December 18, 2024	Board is asked to adopt rules if no substantive changes are made (CR-103). Concise Explanatory Statement provided to individuals who offered written or oral comment at the public hearing or during the formal comment period, consistent with <u>RCW 34.05.325</u> . CR-103 and adopted rules are filed with the Office of the Code Reviser. LCB webpage updated, and notice circulated by GovDelivery distribution list.	

January 18, 2025	Rules are effective 31 days after filing, unless otherwise		
	specified. See RC	CW 34.05.380.	
Approve	Disapprove	David Postman, Chair	Date
Approve	Disapprove	Ollie Garrett, Board Member	Date
Approve	Disapprove	Jim Vollendroff, Board Member	Date

Attachment: CR-102 Memorandum



#### **CR-102 Memorandum**

#### Implementing House Bill (HB) 2204 Regarding Emergency Liquor Permits

Date:	October 23, 2024	
Presented by:	Daniel Jacobs, Policy and Rules Coordinator	

#### Background

Following the 2024 legislative session, the Washington State Legislature passed <u>House</u> <u>Bill (HB) 2204 (chapter 91, Laws of 2024)</u>, codified at <u>RCW 66.20.010(19)</u>, and went into effect on June 6, 2024. This law created an emergency liquor permit for liquor manufacturers who are temporarily unable to access their premises, allowing them to operate in a retail capacity on the premises of another liquor licensee with retail privileges. The Liquor & Cannabis Board (LCB) issued a <u>policy statement</u> on emergency liquor permits in early July 2024. The CR-101 was filed on August 14, 2024 (<u>WSR 24-17-049</u>), and no comments were received during the informal comment period.

#### Stakeholder Engagement

The project team consists of representation from the Attorney General's Office, Enforcement & Education division, Licensing division, and the Finance division. Two virtual stakeholder engagement sessions were recorded on <u>Monday, September 30</u> and <u>Thursday, October 3, 2024</u>. The draft rule language was <u>posted</u> on the LCB's website and included in the stakeholder engagement invitation sent out via GovDelivery on September 16, 2024. Following the September 30 stakeholder engagement session, the <u>PowerPoint presentation</u> was posted to the Laws and Rules <u>webpage</u>. Between the first and second stakeholder engagement, the Washington Wine Institute emailed the rules team to indicate their support for the proposed rule language.

#### Proposed Rule Language – WAC 314-38-120 – Emergency Liquor Permits

<u>Section 1:</u> This language mostly repeats <u>RCW 66.20.010(19)</u>, except for expressly stating that the permit is to allow manufacturing licensees to sell alcohol "of their own production." This is within the meaning of the permit and original legislation because it clarifies that this permit is intended to allow manufacturers, who otherwise may sell liquor of their own production on their own premises in a retail capacity, to continue these retail activities while being temporarily displaced, to sell their own liquor on the retail premises of another licensee.

<u>Section 2:</u> This language states that the LCB will not charge money for the issuance of this permit. There is no statutory requirement for LCB to charge a fee, nor a specific fee

identified in statute, and the LCB has decided not to charge a fee to manufacturing licensees during a period that they are experiencing financial hardship.

<u>Section 3:</u> This language states that distilleries, craft distilleries, fruit and wine distilleries, domestic breweries, microbreweries and domestic wineries are allowed to obtain the emergency liquor permit, as stated in <u>RCW 66.20.010(19)</u> "where the application is for an emergency liquor permit by *a licensed manufacturer*." (italics added).

<u>Section 4:</u> This language identifies all liquor licensees as eligible to host emergency liquor permit holders with a few exceptions: caterers, which do not have their own premises to host; private clubs, which are not open to the public per <u>RCW 66.24.450</u> and <u>RCW 66.24.452</u>; and sports entertainment facilities, which are a unique type of liquor licensee that would be impracticable to host an emergency permit holder, as it would be more hassle than it would be worth to have a large football stadium host a winery on a temporary basis. All of these are prohibited from hosting emergency liquor permit holders.

<u>Section 5:</u> This language clarifies that a host must be authorized to sell the type of liquor manufactured by the permit holder. For example, a beer/wine restaurant not authorized to serve spirits may not host a distillery, as that would result in spirits being served on premises that would not be permitted to serve spirits without an emergency liquor permit holder temporarily operating there. This is a theme continued throughout the proposed rules: an emergency liquor permit shall not be used to allow licensees to operate in ways they are not otherwise permitted to operate.

This is also reflected in (5)(b), which states that distilleries must continue to satisfy the food offerings requirements identified in <u>WAC 314-28-067</u> and <u>RCW 66.24.1471</u>, and the host must also satisfy those food offerings requirements to be eligible to host a distillery.

<u>Section 6:</u> This states that a permit holder shall identify the host when applying for an emergency liquor permit. This is consistent with existing practice and means that a licensee interested in applying for a permit should identify a tentative host who agrees prior to applying for a permit.

<u>Section 7:</u> Per <u>RCW 66.20.010(19)</u>, the permit shall be for 30 days, and can be extended for another 30 days so long as the emergency continues.

<u>Section 8:</u> The first two requirements in (8) and (8)(a) are dictated by statute in <u>RCW</u> <u>66.20.010(19)</u>. The MAST reciprocity requirements in (8)(b) and (8)(c) continue with the theme of ensuring that these permits are not used to engage in otherwise impermissible activity. The MAST permits required for a host's employees must be sufficient to allow them to serve the permit holder's liquor, as allowed by statute, and vice versa. This is not supposed to be used an opportunity to allow service of liquor by individuals not permitted to provide such service. <u>Section 9:</u> Continuing with the theme of not allowing this to become an opportunity for an end-run around other alcohol laws and regulations, this section specifically identifies agreements involving impermissible direct or indirect interests, more commonly known as "undue influence," as remaining prohibited despite the existence of an emergency liquor permit.

<u>Section 10:</u> Section (10)(a) is dictated by statute at <u>RCW 66.20.010(19)</u>. Section (10)(b) continues with the theme repeatedly identified above and provides that an emergency liquor permit holder can only have one permit at a time, so a manufacturer with one established premises cannot use this as an opportunity to temporarily operate out of three different hosts. Section (10)(c) borrows language from <u>WAC 314-11-060(3)</u> where liquor licenses are required to be conspicuously posted for public inspection and viewing by liquor enforcement officers. The same logic applies here in allowing public viewing and inspection of emergency liquor permits.

<u>Section 11:</u> This section operates generally on the theme of keeping everything separated between hosts and permit holders. The licensees remain distinct legal entities while operating on the same premises. As such, they need to maintain separate financial records (11)(a), they need to continue to pay taxes and make payments as separate entities (11)(b), and they need to use distinctively marked glassware to serve liquor (11)(c). The language of (11)(c) is borrowed from <u>WAC 314-03-200(4)</u> which identifies how licensees can share outdoor spaces.

<u>Section 12:</u> Continuing to borrow from <u>WAC 314-03-200(4)</u> on shared outdoor spaces, this language on joint liability explains that if a violation occurs, the default presumption will be that the host and permit holder share responsibility for the violation, and the responsibility of attributing fault or liability will be on the licensees themselves, not on the LCB.

<u>Section 13:</u> The definitions provided are identified in more detail in the table below. The time frame of 48 hours was used because a licensee that is closed for less than that may not find it worthwhile to make all the arrangements and apply for a permit, move all the liquor and supplies etc., if the closure is only temporary. This also ensures that routine freeway closures or other periodic disruptions of the like do not rise to the level where an emergency liquor permit is warranted or necessary.

#### **Estimated Costs of Compliance**

Under the Regulatory Fairness Act (RFA) in <u>chapter 19.85 RCW</u>, agencies are required to consider the costs that complying with the proposed rules will impose on businesses, unless the proposed rules are subject to an exemption to this requirement. The CR-102 form describes these exemptions in more detail.

Two such exemptions identified are that the rule exemption is exempt under  $\frac{\text{RCW}}{19.85.025(3)}$  if the rule proposal is dictated by statute, ( $\frac{\text{RCW} 34.05.310(4)(e)}{19.85.025(3)}$ ) or

relating to process requirements for applying to an agency for a permit (<u>RCW</u> 34.05.310(4)(g)).

HB 2204, codified at <u>RCW 66.20.010(19)</u> creates a new emergency liquor permit for manufacturing licensees who can apply for this permit under certain statutory conditions identified in the statute. The proposed rule consists of a single new rule that identifies which licensees can apply for the permit, and the other conditions that they must satisfy while maintaining the permit to be consistent with other provisions of Titles 66 RCW and 314 WAC. No other sections of Title 314 WAC are proposed to be amended.

Therefore, the proposed rules are exempt from the Regulatory Fairness Act.

### **Rule Necessity**

These rule changes are needed to implement the language in HB 2204.

	WAC 314-38-120 Emergency liquor permits			
Section	Proposed Rule	Reason		
(1)	Per RCW 66.20.010, there is an emergency liquor permit for eligible licensees to authorize the sale, service, and consumption of liquor of their own production on the premises of another liquor licensee with retail sales privileges when an emergency has made the permit holder's premises inaccessible and unable to operate due to an emergency or road closure.	The language mimics that found in <u>RCW</u> <u>66.20.010(19)</u> , with one exception: the use of the wording "of their own production[,]" which is added to ensure that the purpose of the statute is maintained in rule, allowing manufacturers to continue the retail activities allowed by their license during an emergency closure.		
(2)	There is no fee for the emergency liquor permit.	LCB has made the decision within its authority not to charge fees to licensees experiencing this hardship.		
(3)	The following licensees are eligible to obtain an emergency liquor permit:	These are the liquor licensees with		
(3)(a)	Distilleries, craft distilleries, and fruit and wine distilleries;	<ul> <li>manufacturing privileges, per the following:</li> <li>(a) <u>RCW 66.24.140</u>, <u>RCW 66.24.145</u></li> </ul>		
(3)(b)	Domestic breweries and microbreweries; and	(b) <u>RCW 66.24.244</u> , <u>RCW 66.24.240</u>		
(3)(c)	Domestic wineries.	(c) <u>RCW 66.24.170</u>		
(4)	The following licensees are eligible to operate as a host of a permit holder:	These are the liquor licensees eligible to		
(4)(a)	All the licensees identified in subsection (3) of this section;	host a permit holder: 1) All of the manufacturing licensees, and 2) All liquor		
(4)(b)	All liquor licensees with retail sales privileges, except for the following:	licensees with retail privileges except for caterers, which do not have a dedicated		
(4)(b)(i)	Caterers, licensed under RCW 66.24.690;	premises, private clubs, which are not		
(4)(b)(ii)	Private clubs licensed under RCW 66.24.450 or 66.24.452; and	intended to be open to the public, and sports entertainment facilities, which		
(4)(b)(iii)	Sports entertainment facilities licensed under RCW 66.24.570.	operate in such a way that allowing them to host a permit holder would be infeasible.		

## Description of Rule Changes

(5)(a)	To be eligible to host a permit holder, the host must have the authority to sell the type of products manufactured by the permit holder.	The goal is to prevent a host from selling liquor it is not ordinarily permitted to sell on its premises, such as a beer/wine restaurant hosting a distillery and thus having spirits served on premises.
(5)(b)	If the permit holder is a distillery, craft distillery, or fruit and wine distillery, the host must comply with the food offerings requirements in WAC 314-28-067.	Per <u>RCW 66.24.1471</u> and <u>WAC 314-28-067</u> , distilleries, craft distilleries and fruit and wine distilleries must satisfy certain food offering requirements. This ensures liquor licensees required to meet food offerings requirements cannot avoid these requirements through use of the emergency liquor permit.
(6)	The permit holder shall identify the host when applying to the board's licensing division for an emergency liquor permit.	This is consistent with existing practice when applying for an emergency liquor permit. Additionally, this ensures that a host is identified prior to a permit holder requesting a permit, and thus presumably informed that they are expected to host a permit holder.
(7)(a)	The permit shall last for 30 days.	
(7)(b)	If the emergency continues, the permit may be renewed for an additional 30 days.	This language is from <u>RCW 66.20.010(19)</u> .
(8)	The permit holder may store no more than a 30-day supply of liquor at the host premises.	This longuage is from PCW 66 20 010(10)
(8)(a)	The permit holder's liquor must be kept separate from the host liquor.	This language is from <u>RCW 66.20.010(19)</u> .
(8)(b)	Host employees and agents are permitted to serve liquor provided by the permit holder if they have the MAST permits required by RCW 66.20.310 and chapter 314-17 WAC.	This wording is meant to ensure that employees and agents of hosts and permit holders have the same level of MAST permit privileges to serve liquor, and as
(8)(c)	The permit holder's employees and agents must meet the same MAST permit requirements as the host's employees and agents.	stated above in (5)(a), the host has the authority to sell liquor manufactured by the permit holder.
(9)	A host and permit holder may not enter into any type of agreement that would involve impermissible direct or indirect interests as provided in chapter 66.28 RCW.	Reiterating that hosts and permit holders cannot use the emergency liquor permit to enter business agreements that are otherwise prohibited by law or rule.
(10)(a)	A host may have no more than three permit holders operating on its premises at a time.	This language is from <u>RCW 66.20.010(19)</u> .
(10)(b)	A permit holder may only have one permit at a time.	This is to prevent a permit holder with one location from using the emergency liquor permit as an opportunity to operate at multiple locations.
(10)(c)	The permit holder must conspicuously post the emergency liquor permit at the host premises at all times the permit is in use and be available for inspection by liquor enforcement officers.	This language is from <u>WAC 314-11-060(3)</u> about required public display of liquor licenses, and the reasoning is similar: to allow patrons and liquor enforcement officers to know that permit holders are legally operating on the premises.
(11)(a)	Hosts and permit holders must maintain separate records consistent with Titles 66 RCW and 314 WAC as it applies to the host and permit holder.	This is consistent with <u>WAC 314-03-200(4)</u> on licensees sharing outdoor spaces and the need to maintain separate records.

(11)(b)	Hosts and permit holders must comply with all tax payment and reporting requirements in Titles 66 RCW and 314 WAC.	This is to ensure that licensees continue to comply with all tax payment requirements as if they were operating from the original premises.
(11)(c)	Hosts and permit holders must use distinctively marked glassware or serving containers to identify the source of any alcohol product being consumed on the host premises. The distinctive markings may be either permanent or temporary. Any temporary markings must remain on the glassware or serving containers through the duration of use by the customer.	Language from <u>WAC 314-03-200</u> regarding outdoor service areas and licensees sharing space.
(12)	Hosts and all permit holders on the hosts' premises are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement action applies only to those identified licensees.	Language from <u>WAC 314-03-200</u> regarding outdoor service areas and licensees sharing space.
(13)	<b>Definitions:</b> For purposes of this section, the following definitions apply:	
(13)(a)	"Emergency" means an emergency or disaster as defined in RCW 38.52.010.	This language is from <u>RCW 66.20.010(19)</u> .
(13)(b)	"Host" means a liquor licensee with the same retail sales privileges that allows a permit holder to operate on their premises pursuant to the terms of the emergency liquor permit.	Definition needed to identify the licensee who is allowing the emergency permit liquor holder to temporarily operate on their premises.
(13)(c)	"Inaccessible" means unable to be safely entered, reached, or used for on-premises business purposes for more than 48 hours.	Term needs to be defined because it is used in $\frac{\text{RCW } 66.20.010(19)}{\text{definition is provided.}}$ and no
(13)(d)	"Permit holder" means a licensed manufacturer that has experienced an emergency that has made its premises inaccessible and unable to operate due to an emergency or road closure.	Definition needed to identify the licensee who is eligible to obtain the emergency liquor permit.
(13)(e)	"Road closure" means whenever the condition of any state highway, county road, city street, or right-of-way is such that its use by vehicles will be dangerous to traffic, or it is being constructed, altered, or repaired in such a manner as to require their use to be closed or restricted to all vehicles for more than 48 hours.	Language used is from <u>RCW 47.48.010</u> regarding Washington State Department of Transportation's authority to close roads.
(13)(f)	"Unable to operate" means unable to perform the on-premises activities which the liquor license authorizes in Titles 66 RCW and 314 WAC.	Term needs to be defined because it is used in $\frac{RCW 66.20.010(19)}{M}$ and no definition is provided.

Attachment: September 30, 2024 Email from Washington Wine Institute

From:	josh@wwi.wine
То:	Jacobs, Daniel (LCB)
Cc:	LCB DL Rules
Subject:	RE: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept. 30, Oct. 3
Date:	Monday, September 30, 2024 1:43:22 PM
Attachments:	image003.png

#### External Email

Will do. Thank you!

Josh

From: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>
Sent: Monday, September 30, 2024 11:48 AM
To: josh@wwi.wine
Cc: LCB DL Rules <rules@lcb.wa.gov>
Subject: RE: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept. 30, Oct. 3

Here they are!

PowerPoint Presentation

9/30/24 Recording

Feel free to follow up with any questions, and looking forward to hearing/seeing you on Thursday,

Sincerely,

Daniel Jacobs, Esq. (he/him/his) Rules & Policy Coordinator Washington State Liquor and Cannabis Board Daniel.jacobs@lcb.wa.gov Mobile: (360) 480-1238



DISCLAIMER: The information provided above does not, and is not intended to, constitute legal advice; instead, all information, content, and materials included are done so in the scope of my employment as Policy & Rules Coordinator with the Washington State Liquor & Cannabis Board (LCB).

From: Jacobs, Daniel (LCB) <<u>daniel.jacobs@lcb.wa.gov</u>>
Sent: Monday, September 30, 2024 10:56 AM
To: josh@wwi.wine
Cc: LCB DL Rules <<u>rules@lcb.wa.gov</u>>
Subject: RE: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept. 30, Oct. 3

Oh thanks Josh, I'm also going to be posting the powerpoint and the recording from this morning's session later this afternoon. I'll follow up with the links once they are posted.

Daniel Jacobs, Esq. (he/him/his) Rules & Policy Coordinator Washington State Liquor and Cannabis Board Daniel.jacobs@lcb.wa.gov Mobile: (360) 480-1238



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From: josh@wwi.wine <josh@wwi.wine>
Sent: Monday, September 30, 2024 9:27 AM
To: Jacobs, Daniel (LCB) <daniel.jacobs@lcb.wa.gov>
Cc: LCB DL Rules <rules@lcb.wa.gov>
Subject: RE: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept.
30, Oct. 3

#### External Email

Hi Daniel – I plan to join you for the Thursday feedback session for any needed conversations on the CR 101 for HB 2204. I've reviewed the draft 314-38-120 in detail. I originally had questions around how "emergency" is defined as well as how the permit holder may operate on the host licensed space, but I kept digging and reading and found satisfactory answers to both questions. After a full review, I do not currently have any concerns with the draft rules as proposed as it all seems to fit within the spirit of the bill and what was trying to be accomplished via HB 2204. If I do spot any additional concerns, I will flag them for you immediately. Otherwise, as presented, these rules are well done and should help a lot of manufacturing licenses in the future who are shut down due to some form of an emergency or natural/man-made disaster situation. I appreciate your hard work on crafting these rules in a thoughtful way.

Best

Josh McDonald Executive Director WA Wine Institute



From: josh@wwi.wine <josh@wwi.wine>
Sent: Monday, September 16, 2024 3:40 PM
To: 'Jacobs, Daniel (LCB)' <<u>daniel.jacobs@lcb.wa.gov</u>>
Cc: 'LCB DL Rules' <<u>rules@lcb.wa.gov</u>>
Subject: RE: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept.
30, Oct. 3

Hi Daniel. Yes, I did receive this notice. Thank you for highlighting it; I'll definitely be at one of the two feedback sessions.

Josh

From: Jacobs, Daniel (LCB) <<u>daniel.jacobs@lcb.wa.gov</u>>
Sent: Monday, September 16, 2024 10:31 AM
To: josh@wwi.wine
Cc: LCB DL Rules <<u>rules@lcb.wa.gov</u>>
Subject: FW: Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept. 30, Oct. 3

Hi Josh:

Just wanted to make sure you got this!

Sincerely,

Daniel Jacobs, Esq. (he/him/his) Rules & Policy Coordinator Washington State Liquor and Cannabis Board Daniel.jacobs@lcb.wa.gov Mobile: (360) 480-1238



DISCLAIMER: The information provided above does not, and is not intended to, constitute legal advice; instead, all information, content, and materials included are done so in the scope of my employment as Policy & Rules Coordinator with the Washington State Liquor & Cannabis Board (LCB).

From: Washington State Liquor and Cannabis Board <<u>wslcb@public.govdelivery.com</u>> Sent: Monday, September 16, 2024 10:26 AM

**To:** Jacobs, Daniel (LCB) <<u>daniel.jacobs@lcb.wa.gov</u>>

**Subject:** Corrected: Invitation: Feedback Sessions - Emergency Liquor Permit Rulemaking Sept. 30, Oct. 3

#### External Email

Having trouble viewing this email? View it as a Web page.

#### Sept. 16, 2024

Invitation: Stakeholder Feedback Sessions on Emergency Liquor Permit Rulemaking (HB 2204)

As part of Liquor and Cannabis Board's (LCB) ongoing rulemaking to implement <u>House Bill</u> <u>2204</u> regarding Emergency Liquor Permits (<u>RCW 66.20.010(19)</u>), the LCB is hosting two online feedback sessions to discuss some of the changes that have been tentatively drafted as part of the rulemaking process.

The sessions cover the new <u>proposed draft rule language</u> on the Emergency Liquor Permits. More information about the Emergency Liquor Permit rulemaking is available on the <u>Rules</u> <u>webpage</u>.

Monday, Sept. 30, 10 a.m. – 12 p.m.

Thursday, Oct. 3, 1 – 3 p.m.

Join on your computer, mobile app or room device	Join on your computer, mobile app or room device
Click here to join the meeting	Click here to join the meeting
Meeting ID: 215 851 376 325 Passcode: Rkbj5L	Meeting ID: 266 108 729 713 Passcode: X3xSt7
Download Teams   Join on the web	Download Teams   Join on the web
Or call in (audio only)	Or call in (audio only)
(833) 322-1218, 65543986# U.S. (Toll-free	e) <u>(833) 322-1218, 71422978#</u> U.S. (Toll-free)
Phone Conference ID: 655 439 86#	Phone Conference ID: 714 229 78#
<u>Find a local number   Reset PIN</u>	Find a local number   Reset PIN

Learn More | Meeting options

During the meeting please keep the following in mind:

• Both sessions will be recorded and are subject to public disclosure. The purpose of the recordings is to make sure we collect all feedback, and they will be posted on the Rules webpage.

Learn More | Meeting options

- While the Teams chat feature will be ON, any written questions submitted in chat will be saved in the rulemaking file and are subject to public disclosure.
- Questions and comments in the session's Team chat will not be responded to in real time but will be addressed at the end of the session.
- Participants will be muted and will only be unmuted when the sessions leader enables their microphone.
- To ask questions during the sessions, participants must use the raise hand function and they will then be unmuted to ask their question.
- If you would like to submit questions before, during or after the engagement session, feel free to email the rules team at <u>rules@lcb.wa.gov</u>.

Please feel free to follow up with the Rules & Policy Team with any questions at <u>rules@lcb.wa.gov</u>.

To sign up to receive email announcements for all LCB rulemaking activities visit the agency's sign-up <u>page</u>. There you can register to receive updates and announcements for a

wide variety of agency topics.

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This email was sent to <u>daniel.jacobs@lcb.wa.gov</u> using GovDelivery Communications Cloud on behalf of: Washington State Liquor and Cannabis Board · 1025 Union Avenue SE · P.O. Box 43088 · Washington 98504-3088

# **PROPOSED RULE MAKING**



# CR-102 (June 2024) (Implements RCW 34.05.320) Do NOT use for expedited rule making

Agency: Washington State Liquor and Cannabis Board

Agency: Washington State Liquor and Cannabis Board			
⊠ Original Notice			
Supplemental Notice to WSR			
Continuance of WSR			
$\boxtimes$ Preproposal Statement of Inquiry was filed as WSR <u>24-17-049</u> ; or			
		osed notice was filed as W	
Proposal is exemption	ot under RC	W 34.05.310(4) or 34.05.33	D(1); or
Proposal is exemption		.,	
91, Laws of 2024) cod licensees to temporari manufacturer's premis	lified at <u>RCV</u> ly operate in ses are inacc	V 66.20.010(19) which create a retail capacity on the pren cessible and unable to operate whether the second second second second second cessible and unable to operate whether the second s	bject) Rulemaking to Implement House Bill (HB) 2204 (chapter is an emergency liquor permit allowing liquor manufacturing hises of another liquor licensee with retail privileges while the te due to an emergency or road closure. This rulemaking "Emergency Liquor Permits."
Hearing location(s):			
Date:	Time:	Location: (be specific)	Comment:
December 4, 2024	10:00 AM	All public Board activity will held in a "hybrid" environme This means that the public" have options for in-person of virtual attendance. The Boardroom at the headquat building in Olympia (1025 L Avenue, Olympia, WA 9850 be open for in-person attendance. The public may login using a computer or d or call-in using a phone, to to the meeting through the Microsoft Teams application public may provide verbal comments during the speci public comment and rules h segments. TVW also regula airs these meetings. Please that although the Boardroon be staffed during a meeting Board Members and agence participants may continue to appear virtually	ent. visit <u>https://lcb.wa.gov/Boardmeetings/Board_meetings</u> will or rters Jnion 04) will / also evice, listen n. The fied hearing arly e note m will , y
Date of intended ado	ption: No e	arlier than December 18, 202	24 (Note: This is <b>NOT</b> the <b>effective</b> date)
Submit written comn	nents to:		Assistance for persons with disabilities:
Name Daniel Jacobs, Rules & Policy Coordinator		licy Coordinator	Contact Anita Bingham, ADA Coordinator, Human Resources
Address PO Box 4803	30, Olympia	WA 98504-3080	Phone 360 664 1739
Email rules@lcb.wa.g	jov		Fax 360 664 9689
Fax 360-704-5027			TTY 7-1-1 or 1-800-833-6388
Other			Email anita.bingham@lcb.wa.gov
1		Page	

Other By (date) November 27, 2024

**Purpose of the proposal and its anticipated effects, including any changes in existing rules:** The purpose of this proposed rule it to implement House Bill 2204, chapter 91, Laws of 2024, codified at <u>RCW 66.20.010(19)</u>:

<u>Section 1:</u> This language mostly repeats <u>RCW 66.20.010(19)</u>, except for expressly stating that the permit is to allow manufacturing licensees to sell alcohol "of their own production." This is within the meaning of the permit and original legislation because it clarifies that this permit is intended to allow manufacturers, who otherwise may sell liquor of their own production on their own premises in a retail capacity, to continue these retail activities while being temporarily displaced, to sell their own liquor on the retail premises of another licensee.

<u>Section 2:</u> This language states that the LCB will not charge money for the issuance of this permit. There is no statutory requirement for LCB to charge a fee, nor a specific fee identified in statute, and the LCB has decided not to charge a fee to manufacturing licensees during a period that they are experiencing financial hardship.

<u>Section 3:</u> This language states that distilleries, craft distilleries, fruit and wine distilleries, domestic breweries, microbreweries and domestic wineries are allowed to obtain the emergency liquor permit.

<u>Section 4:</u> This language identifies all liquor licensees as eligible to host emergency liquor permit holders with a few exceptions: caterers, which do not have their own premises to host; private clubs, which are not open to the public per <u>RCW</u> <u>66.24.450</u> and <u>RCW 66.24.452</u>; and sports entertainment facilities, which are a unique type of liquor licensee that would be impracticable to host an emergency permit holder, as it would be more hassle than it would be worth to have a large football stadium host a winery on a temporary basis. All of these are prohibited from hosting emergency liquor permit holders.

<u>Section 5:</u> This language clarifies that a host must have the same ability to sell alcohol as the permit holder. For example, a beer/wine restaurant not authorized to serve spirits may not host a distillery, as that would result in spirits being served on premises that would not be permitted to serve spirits without an emergency liquor permit holder temporarily operating there. This is a theme continued throughout the proposed rules: an emergency liquor permit shall not be used to allow licensees to operate in ways they are not otherwise permitted to operate.

This is also reflected in (5)(b), which states that distilleries must continue to satisfy the food offerings requirements identified in <u>WAC 314-28-067</u> and <u>RCW 66.24.1471</u>, and the host must also satisfy those food offerings requirements to be eligible to host a distillery.

<u>Section 6:</u> This states that a permit holder shall identify the host when applying for an emergency liquor permit. This is consistent with existing practice and means that a licensee interested in applying for a permit should identify a tentative host who agrees prior to applying for a permit.

Section 7: Per <u>RCW 66.20.010(19)</u>, the permit shall be for 30 days, and can be extended for another 30 days so long as the emergency continues.

<u>Section 8:</u> The first two requirements in (8) and (8)(a) are dictated by statute in <u>RCW 66.20.010(19)</u>. The MAST reciprocity requirements in (8)(b) and (8)(c) continue with the theme of ensuring that these permits are not used to engage in otherwise impermissible activity. The MAST permits required for a host's employees must be sufficient to allow them to serve the permit holder's liquor, as allowed by statute, and vice versa. This is not supposed to be used an opportunity to allow service of liquor by individuals not permitted to provide such service.

<u>Section 9:</u> Continuing with the theme of not allowing this to become an opportunity for an end-run around other alcohol laws and regulations, this section specifically identifies agreements involving impermissible direct or indirect interests, more commonly known as "undue influence," as remaining prohibited despite the existence of an emergency liquor permit.

<u>Section 10:</u> Section (10)(a) is dictated by statute at <u>RCW 66.20.010(19)</u>. Section (10)(b) continues with the theme repeatedly identified above and provides that an emergency liquor permit holder can only have one permit at a time, so a manufacturer with one established premises cannot use this as an opportunity to temporarily operate out of three different hosts. Section (10)(c) borrows language from <u>WAC 314-11-060(3)</u> where liquor licenses are required to be conspicuously posted for public inspection and viewing by liquor enforcement officers. The same logic applies here in allowing public viewing and inspection of emergency liquor permits.

<u>Section 11:</u> This section operates generally on the theme of keeping everything separated between hosts and permit holders. The licensees remain distinct legal entities while operating on the same premises. As such, they need to maintain separate financial records (11)(a), they need to continue to pay taxes and make payments as separate entities (11)(b), and they need to use distinctively marked glassware to serve liquor (11)(c). The language of (11)(c) is borrowed from <u>WAC 314-03-200(4)</u> which identifies how licensees can share outdoor spaces.

<u>Section 12:</u> Continuing to borrow from <u>WAC 314-03-200(4)</u> on shared outdoor spaces, this language on joint liability explains that if a violation occurs, the default presumption will be that the host and permit holder share responsibility for the violation, and the responsibility of attributing fault or liability will be on the licensees themselves, not on the LCB.

<u>Section 13:</u> The definitions provided are identified in more detail in the table below. The time frame of 48 hours was used because a licensee that is closed for less than that may not find it worthwhile to make all the arrangements and apply for a permit, move all the liquor and supplies etc., if the closure is only temporary. This also ensures that routine freeway closures or other periodic disruptions of the like do not rise to the level where an emergency liquor permit is warranted or necessary.

**Reasons supporting proposal:** The reasons supporting these proposed rules, in addition to that described above, are identified in the tables herein:

	WAC 314-38-120 Emergency liquor permits			
Section	Proposed Rule	Reason		
(1)	Per RCW 66.20.010, there is an emergency liquor permit for eligible licensees to authorize the sale, service, and consumption of liquor of their own production on the premises of another liquor licensee with retail sales privileges when an emergency has made the permit holder's premises inaccessible and unable to operate due to an emergency or road closure.	The language mimics that found in <u>RCW</u> <u>66.20.010(19)</u> , with one exception: the use of the wording "of their own production[,]" which is added to ensure that the purpose of the statute is maintained in rule, allowing manufacturers to continue the retail activities allowed by their license during an emergency closure.		
(2)	There is no fee for the emergency liquor permit.	LCB has made the decision within its authority not to charge fees to licensees experiencing this hardship.		
(3)	The following licensees are eligible to obtain an emergency liquor permit:	These are the liquor licensees with manufacturing		
(3)(a)	Distilleries, craft distilleries, and fruit and wine distilleries;	privileges, per the following: (a) <u>RCW 66.24.140</u> , <u>RCW 66.24.145</u> (b) <u>RCW 66.24.244</u> , <u>RCW 66.24.240</u>		
(3)(b)	Domestic breweries and microbreweries; and	(c) <u>RCW 66.24.170</u>		
(3)(c) (4)	Domestic wineries. The following licensees are eligible to operate as a host of a permit holder:	These are the liquor licensees eligible to host a		
(4)(a)	All the licensees identified in subsection (3) of this section;	permit holder: 1) All of the manufacturing licensees, and 2) All liquor licensees with retail		
(4)(b)	All liquor licensees with retail sales privileges, except for the following:	privileges except for caterers, which do not have a dedicated premises, private clubs, which are not		
(4)(b)(i)	Caterers, licensed under RCW 66.24.690;	intended to be open to the public, and sports		
(4)(b)(ii)	Private clubs licensed under RCW 66.24.450 or 66.24.452; and	entertainment facilities, which operate in such a way that allowing them to host a permit holder would be infeasible.		
(4)(b)(iii)	Sports entertainment facilities licensed under RCW 66.24.570.			
(5)(a)	To be eligible to host a permit holder, the host must have the authority to sell the type of products manufactured by the permit holder.	The goal is to prevent a host from selling liquor it is not ordinarily permitted to sell on its premises, such as a beer/wine restaurant hosting a distillery and thus having spirits served on premises.		
(5)(b)	If the permit holder is a distillery, craft distillery, or fruit and wine distillery, the host must comply with the food offerings requirements in WAC 314-28-067.	Per <u>RCW 66.24.1471</u> and <u>WAC 314-28-067</u> , distilleries, craft distilleries and fruit and wine distilleries must satisfy certain food offering requirements. This ensures liquor licensees required to meet food offerings requirements cannot avoid these requirements through use of the emergency liquor permit.		
(6)	The permit holder shall identify the host when applying to the board's licensing division for an emergency liquor permit.	This is consistent with existing practice when applying for an emergency liquor permit. Additionally, this ensures that a host is identified prior to a permit holder requesting a permit, and thus presumably informed that they are expected to host a permit holder.		
(7)(a)	The permit shall last for 30 days.			
(7)(b)	If the emergency continues, the permit may be renewed for an additional 30 days.	This language is from <u>RCW 66.20.010(19)</u> .		
(8)	The permit holder may store no more than a 30-day supply of liquor at the host premises.	This language is from <u>RCW 66.20.010(19)</u> .		

	The permit holder's liquor must be kept separate from	
(8)(a)	the host liquor.	
(8)(b)	Host employees and agents are permitted to serve liquor provided by the permit holder if they have the MAST permits required by RCW 66.20.310 and chapter 314-17 WAC.	This wording is meant to ensure that employees and agents of hosts and permit holders have the same level of MAST permit privileges to serve liquor, and as stated above in (5)(a), the host has
(8)(c)	The permit holder's employees and agents must meet the same MAST permit requirements as the host's employees and agents.	authority to sell liquor manufactured by the permit holder.
(9)	A host and permit holder may not enter into any type of agreement that would involve impermissible direct or indirect interests as provided in chapter 66.28 RCW.	Reiterating that hosts and permit holders cannot use the emergency liquor permit to enter business agreements that are otherwise prohibited by law or rule.
(10)(a)	A host may have no more than three permit holders operating on its premises at a time.	This language is from <u>RCW 66.20.010(19)</u> .
(10)(b)	A permit holder may only have one permit at a time.	This is to prevent a permit holder with one location from using the emergency liquor permit as an opportunity to operate at multiple locations.
(10)(c)	The permit holder must conspicuously post the emergency liquor permit at the host premises at all times the permit is in use and be available for inspection by liquor enforcement officers.	This language is from <u>WAC 314-11-060(3)</u> about required public display of liquor licenses, and the reasoning is similar: to allow patrons and liquor enforcement officers to know that permit holders are legally operating on the premises.
(11)(a)	Hosts and permit holders must maintain separate records consistent with Titles 66 RCW and 314 WAC as it applies to the host and permit holder.	This is consistent with <u>WAC 314-03-200(4)</u> on licensees sharing outdoor spaces and the need to maintain separate records.
(11)(b)	Hosts and permit holders must comply with all tax payment and reporting requirements in Titles 66 RCW and 314 WAC.	This is to ensure that licensees continue to comply with all tax payment requirements as if they were operating from the original premises.
(11)(c)	Hosts and permit holders must use distinctively marked glassware or serving containers to identify the source of any alcohol product being consumed on the host premises. The distinctive markings may be either permanent or temporary. Any temporary markings must remain on the glassware or serving containers through the duration of use by the customer.	Language from <u>WAC 314-03-200</u> regarding outdoor service areas and licensees sharing space.
(12)	Hosts and all permit holders on the hosts' premises are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement action applies only to those identified licensees.	Language from <u>WAC 314-03-200</u> regarding outdoor service areas and licensees sharing space.
(13)	<b>Definitions:</b> For purposes of this section, the following definitions apply:	
(13)(a)	"Emergency" means an emergency or disaster as defined in RCW 38.52.010.	This language is from <u>RCW 66.20.010(19)</u> .
(13)(b)	"Host" means a liquor licensee with the same retail sales privileges that allows a permit holder to operate on their premises pursuant to the terms of the emergency liquor permit.	Definition needed to identify the licensee who is allowing the emergency permit liquor holder to temporarily operate on their premises.
(13)(c)	"Inaccessible" means unable to be safely entered, reached, or used for on-premises business purposes for more than 48 hours.	Term needs to be defined because it is used in $\frac{\text{RCW } 66.20.010(19)}{\text{RCW } 66.20.010(19)}$ and no definition is provided.
(13)(d)	"Permit holder" means a licensed manufacturer that has experienced an emergency that has made its premises inaccessible and unable to operate due to an emergency or road closure.	Definition needed to identify the licensee who is eligible to obtain the emergency liquor permit.
(13)(e)	"Road closure" means whenever the condition of any state highway, county road, city street, or right-of-way is such that its use by vehicles will be dangerous to traffic, or it is being constructed, altered, or repaired in such a	Language used is from <u>RCW 47.48.010</u> regarding Washington State Department of Transportation's authority to close roads.

	manner as to require their use to be			
	to all vehicles for more than 48 hour "Unable to operate" means unable to			
(13)(f)	premises activities which the liquor I Titles 66 RCW and 314 WAC.	•	Term needs to be defined be <u>RCW 66.20.010(19)</u> and no	
Statutorv a	uthority for adoption: RCW 66.08.0	030: RCW 66.20.010:	RCW 66.98.070	
-	ng implemented: RCW 66.20.010(1			
Is rule nece	ssary because of a:			
Fede		🗆 Yes 🛛 No		
Fede		🗆 Yes 🛛 No		
State		🗆 Yes 🛛 No		
lf yes, CITA	FION:			
Agency co matters: No	nments or recommendations, if an ne	y, as to statutory lan	guage, implementation, en	forcement, and fiscal
	oponent: (person or organization) V ponent: □ Private. □ Public. ⊠ G		or and Cannabis Board	
Name of ag	ency personnel responsible for:			
	Name	Office Location		Phone
Drafting Coordinator	Daniel Jacobs, Rules & Policy	/ 1025 Union Avenue	e, Olympia WA, 98504	360-480-1238
Implementa Licensing	-	1025 Union Avenue	e, Olympia WA, 98504	360-664-1753
Enforcemer Enforcemer	t Chandra Wax, Director of t & Education	1025 Union Avenue	e, Olympia WA, 98504	360-664-1726
Is a school	district fiscal impact statement rec	quired under RCW 28	3A.305.135?	🗆 Yes 🛛 No
Ad Pl Fa T Ei O		<u>/ 34.05.328</u> ?		
□ Yes:	A preliminary cost-benefit analysis n	nav be obtained by co	ntacting:	
	ame	,	0	
A	ldress			
PI	one			
Fa				
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	nail			
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under Ro requirem	Please explain: The proposed amen CW 34.05.328(5). The LCB is not a lis ents in RCW 34.05.328 are not applie administrative rules review committee	sted agency under RC cable to the proposed	W 34.05.328(5)(a)(i), so the rules unless voluntarily appli	cost-benefit analysis
	Fairness Act and Small Business I overnor's Office for Regulatory Innov			ompleting this part.
This rule pro	ation of exemptions: posal, or portions of the proposal, <b>m</b> assisted by the proposal, <b>m</b> assisted by the proposal, <b>m</b> assisted by the proposal of the proposal			

□ This rule proposal, or portions of the proposal, is exempt under <u>RCW 19.85.061</u> because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

□ This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by <u>RCW 34.05.313</u> before filing the notice of this proposed rule.

□ This rule proposal, or portions of the proposal, is exempt under the provisions of <u>RCW 15.65.570(2)</u> because it was adopted by a referendum.

This rule proposal, or portions of the proposal, is exempt under <u>RCW 19.85.025(3)</u>. Check all that apply:

<u>RCW 34.05.310</u> (4)(b)	$\boxtimes$	<u>RCW 34.05.310</u> (4)(e)
(Internal government operations)		(Dictated by statute)
<u>RCW 34.05.310</u> (4)(c)		<u>RCW 34.05.310</u> (4)(f)
(Incorporation by reference)		(Set or adjust fees)
<u>RCW 34.05.310</u> (4)(d)	$\boxtimes$	<u>RCW 34.05.310</u> (4)(g)
(Correct or clarify language)		((i) Relating to agency hearings; or (ii) process
		requirements for applying to an agency for a license or permit)
		or permit)

□ This rule proposal, or portions of the proposal, is exempt under <u>RCW 19.85.025(4)</u>. (Does not affect small businesses).

 $\square$  This rule proposal, or portions of the proposal, is exempt under RCW \_\_\_\_

Explanation of how the above exemption(s) applies to the proposed rule: HB 2204, codified at RCW 66.20.010(19) creates a new emergency liquor permit for manufacturing licensees who can apply for this permit under certain statutory conditions identified in the statute. The proposed rule consists of a single new rule that identifies which licensees can apply for the permit, and the other conditions that they must satisfy while maintaining the permit to be consistent with other provisions of Titles 66 RCW and 314 WAC. No other sections of Title 314 WAC are proposed to be amended. The permit conditions are dictated by statute, and the rule language relates to process requirements for applying to an agency for the emergency liquor permit in that it identifies the conditions that must be met to apply for the permit and what conditions must be met while using the permit, satisfying both RCW 34.05.310(4)(e) and RCW 34.05.310(4)(g).

#### (2) Scope of exemptions: Check one.

☑ The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.
□ The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using this template from ORIA):

□ The rule proposal: Is not exempt. (Complete section 3.) No exemptions were identified above.

(3) Small business economic impact statement: Complete this section if any portion is not exempt.

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

 $\Box$  No Briefly summarize the agency's minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs.

□ Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

Date: October 23, 2024	Signature: Place signature here
Name: David Postman	
Title: Chair	

WAC 314-38-120 Emergency liquor permits. (1) Per RCW 66.20.010, there is an emergency liquor permit for eligible licensees to authorize the sale, service, and consumption of liquor of their own production on the premises of another liquor licensee with retail sales privileges when an emergency has made the permit holder's premises inaccessible and unable to operate due to an emergency or road closure.

(2) There is no fee for the emergency liquor permit.

(3) The following licensees are eligible to obtain an emergency liquor permit:

(a) Distilleries, craft distilleries, and fruit and wine distilleries;

(b) Domestic breweries and microbreweries; and

(c) Domestic wineries.

(4) The following licensees are eligible to operate as a host of a permit holder:

(a) All the licensees identified in subsection (3) of this section;

(b) All liquor licensees with retail sales privileges, except for the following:

(i) Caterers, licensed under RCW 66.24.690;

(ii) Private clubs licensed under RCW 66.24.450 or 66.24.452; and

(iii) Sports entertainment facilities licensed under RCW 66.24.570.

(5) (a) To be eligible to host a permit holder, the host must have the authority to sell the type of products manufactured by the permit holder.

(b) If the permit holder is a distillery, craft distillery, or fruit and wine distillery, the host must comply with the food offerings requirements in WAC 314-28-067.

(6) The permit holder shall identify the host when applying to the board's licensing division for an emergency liquor permit.

(7) (a) The permit shall last for 30 days.

(b) If the emergency continues, the permit may be renewed for an additional 30 days.

(8) The permit holder may store no more than a 30-day supply of liquor at the host premises.

(a) The permit holder's liquor must be kept separate from the host liquor.

(b) Host employees and agents are permitted to serve liquor provided by the permit holder if they have the MAST permits required by RCW 66.20.310 and chapter 314-17 WAC.

(c) The permit holder's employees and agents must meet the same MAST permit requirements as the host's employees and agents.

(9) A host and permit holder may not enter into any type of agreement that would involve impermissible direct or indirect interests as provided in chapter 66.28 RCW.

(10) (a) A host may have no more than three permit holders operating on its premises at a time.

(b) A permit holder may only have one permit at a time.

(c) The permit holder must conspicuously post the emergency liquor permit at the host premises at all times the permit is in use and be available for inspection by liquor enforcement officers. (11) (a) Hosts and permit holders must maintain separate records consistent with Titles 66 RCW and 314 WAC as it applies to the host and permit holder.

(b) Hosts and permit holders must comply with all tax payment and reporting requirements in Titles 66 RCW and 314 WAC.

(c) Hosts and permit holders must use distinctively marked glassware or serving containers to identify the source of any alcohol product being consumed on the host premises. The distinctive markings may be either permanent or temporary. Any temporary markings must remain on the glassware or serving containers through the duration of use by the customer.

(12) Hosts and all permit holders on the hosts' premises are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement action applies only to those identified licensees.

(13) **Definitions:** For purposes of this section, the following definitions apply:

(a) "Emergency" means an emergency or disaster as defined in RCW 38.52.010.

(b) "Host" means a liquor licensee with the same retail sales privileges that allows a permit holder to operate on their premises pursuant to the terms of the emergency liquor permit.

(c) "Inaccessible" means unable to be safely entered, reached, or used for on-premises business purposes for more than 48 hours.

(d) "Permit holder" means a licensed manufacturer that has experienced an emergency that has made its premises inaccessible and unable to operate due to an emergency or road closure.

(e) "Road closure" means whenever the condition of any state highway, county road, city street, or right-of-way is such that its use by vehicles will be dangerous to traffic, or it is being constructed, altered, or repaired in such a manner as to require their use to be closed or restricted to all vehicles for more than 48 hours.

(f) "Unable to operate" means unable to perform the on-premises activities which the liquor license authorizes in Titles 66 RCW and 314 WAC.