



Washington State
Liquor and Cannabis Board

To: David Postman, Board Chair
Ollie Garrett, Board Member
Russ Hauge, Board Member

From: Kathy Hoffman, Policy and Rules Manager

Date: December 8, 2021

Copy: Rick Garza, Agency Director
Toni Hood, Deputy Director
Justin Nordhorn, Policy and External Affairs Director
Becky Smith, Licensing and Regulation Director
Chandra Brady, Director of Enforcement and Education

Subject: Request for approval to rescind Board Interim Policy (BIP) 05-2016 regarding use of the internet or mobile applications to purchase alcohol.

On November 6, 2016, the Board approved an interim policy that allowed retail customers to use internet sites or mobile applications to purchase alcohol to be delivered to consumers.

This interim policy was issued in response to a request from Drizly for approval to make their mobile application available to Washington state consumers. Drizly is a technology company that provides internet ordering interface for alcohol product by partnering with licensed alcohol retailers. The retailer selects what products are listed for sale and the price point of each product listed on the Drizly website or app. The alcohol retailer receives the order through Drizly, processes the payment, and completes the delivery.

In 2014, Board staff informally approved Drizly's operation in Washington State. However, RCW 66.28.050 prohibits solicitation of order on behalf of a licensee without a gift delivery license, a representative' license or a certificate of approval, but the intent of the language refers to solicitations by persons on behalf of wholesalers.

The language of this policy was incorporated into WAC 314-03-020 filed as WSR 17-17-030 on August 9, 2017, and effective September 9, 2017. For these reasons, BIP 05-2016 is no longer necessary.

If the Board approves rescission of BIP 05-2016, the agency will send notice to stakeholders, and remove the BIP from the LCB website.

The Board approves/disapproves the rescission of BIP 05-2016.

Approve Disapprove



David Postman, Chair

12.8.2021

Date

Approve Disapprove



Ollie Garrett, Board Member

12.8.2021

Date

Approve Disapprove

Not Present

Russ Hauge, Board Member

12.8.2021

Date



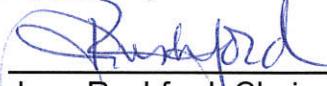
Liquor and Cannabis Board Interim Policy BIP-05-2016

Subject: Use of Internet or Mobile Applications to Purchase Alcohol


Effective Date: November 2, 2016

Ending Date: Upon adoption of rules to implement this policy.

Approved:



Jane Rushford, Chairman



Ollie Garret, Board Member

Purpose:

The purpose of this interim policy is to allow retail customers to use internet sites or mobile applications to purchase alcohol to be delivered to the customer.

Drizly requested approval to make their mobile application available to customers in Washington State. Drizly provides the internet ordering interface, but the liquor licensed retailer chooses what products to list for sale, what price to charge for the products, takes the order, processes the credit card payment, and makes the delivery. In 2014 board staff informally approved Drizly's operation in Washington State.

RCW 66.28.050 clearly prohibits solicitation of orders on behalf of a licensee without a gift delivery license, a representative's license or a certificate of approval, but the intent of the language refers to solicitations by persons on behalf of wholesalers.

There is a prohibition in Chapter 314-03 WAC on third party solicitation of customer business for a liquor licensed business. The language in WAC 314-03-020 through 040 was drawn from RCW 66.28.050, which the board finds is not applicable to the solicitation of sales by retailers to individuals. Rulemaking will be opened today to revise the rules for internet sales and delivery to include language that internet or mobile applications such as Drizly are allowed.

Policy Statement

(1) The use of internet or mobile applications for retail customers to purchase alcohol in Washington State are allowed under the following conditions:

- The internet sale will be made by the liquor licensee;

- The payment for the sale will be processed by the liquor licensee;
- The delivery of alcohol product must comply with the requirements of the rules in chapter 314-03 WAC; and
- The liquor licensee pays the owner of the internet or mobile application a service fee.