



CR 102 Memorandum

Regarding implementation of 2023 Liquor Legislation Engrossed Substitute House Bill (ESHB) 1731 (chapter 257, Laws of 2023) an act relating to complimentary liquor by short-term rental operators.

Date: August 2, 2023
Presented by: Daniel Jacobs, Policy and Rules Coordinator

Background

On May 24, 2023, the Washington State Liquor and Cannabis Board (LCB) filed a CR 101 preproposal statement of inquiry (WSR# 23-11-115) to consider creating new rule sections and amending existing rule sections to implement 2023 liquor legislation of three bills: House Bill (HB) 1730 (chapter 158, Laws of 2023), ESHB 1731 (chapter 257, Laws of 2023) and HB 1772 (chapter 217, Laws of 2023). During the collaborative rule development process, it was determined that HB 1730 and HB 1772 did not require the creation of new rules or changes to existing rules.

ESHB 1731 ([chapter 257, Laws of 2023](#)) amends state law to allow owners of short-term rentals to obtain a permit to provide a complimentary bottle of wine to those who rent the unit, so long as the owner of the short-term rental complies with age-verification requirements, provides the prospective renter with advance notice that a complimentary bottle of wine will be provided, advises the prospective renter of certain laws against illegal public consumption, and provides the prospective renter with an opportunity to decline the complimentary wine bottle prior to the rental period. Owners of short-term rentals who obtain these special permits are permitted to purchase wine from wine distributors.

Stakeholder Engagement

The CR 102 rule proposal was developed through a collaborative rule development process. Conceptual draft rule language was developed through a series of internal project team meetings including LCB staff from the Licensing Division, Enforcement and Education Division, and Finance Division, and the conceptual draft rules were shared publicly through [GovDelivery](#) with feedback requested between July 3 and July 17, 2023. This messaging is included as Attachment A to this memorandum.

In response to the GovDelivery messaging requesting feedback on the conceptual draft rules, the agency received one public comment. No public comments were received regarding the filing of the CR 101 preproposal statement of inquiry. The lone comment

is included in Attachment B to this memorandum and was taken into consideration as the rule proposal was developed. While the suggested additional requirement was not ultimately adopted, the LCB plans on conducting a retrospective review approximately a year or more after the permits become available to review the number of permits issued and identify any potential topics that may be suitable for further rulemaking.

Estimated Costs of Compliance

Under the Regulatory Fairness Act (RFA) in chapter 19.85 RCW, 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. In summary, the proposed amended rules implement a legislatively created permit and are exempt from the RFA's Small Business Economic Impact Statement (SBEIS) requirement.

Rule Necessity

New rules are needed to implement ESHB 1731, align agency rules with the new law, and inform licensees about the option for short-term rental operators to obtain wine directly from wine distributors for use under the newly created permit.

Description of Rule Changes

Amended WAC 314-24-180. Wine distributors, wine importers—Certain rights granted. The proposed rule amendment to this section states that wine distributors are permitted to sell wine directly to short-term rental operators who hold the permit created by ESHB 1731 and codified in RCW 66.20.010(18).

Amended WAC 314-24-190. Wine suppliers and distributors. The proposed rule amendment to this section changes the definition of “wine distributor” to state that wine distributors may sell wine directly to holders of the permit created by ESHB 1731 and codified in RCW 66.20.010(18).

Attachments:

Attachment A. *GovDelivery message requesting public feedback on conceptual draft rules, sent July 3, 2023.*

Attachment B. *Table containing public feedback received on the conceptual draft rules.*

From: [Washington State Liquor and Cannabis Board](#)
To: [Jacobs, Daniel \(LCB\)](#)
Subject: Draft Rules for 2023 Liquor Legislation Implementation
Date: Monday, July 3, 2023 8:43:59 AM

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July 3, 2023

On May 24, 2023, the Liquor Cannabis Board filed the [CR 101](#) (Pre-proposal Statement of Inquiry) regarding the 2023 Liquor Legislation Implementation Rules Project. This rules project is underway and is meant to create rules in Title 314 WAC where necessary to implement [three pieces of legislation](#) passed during the 2023 legislative session.

[Here](#) you will find proposed rules to implement [Engrossed Substitute House Bill \(ESHB\) 1731, chapter 257, Laws of 2023](#). Currently, rulemaking does not appear to be necessary on the other two pieces of legislation.

Please provide any feedback on these rules **by Monday, July 17, 2023** as follows:

By mail:

Rules Coordinator
Liquor and Cannabis Board
P.O. Box 43080
Olympia, WA 98504-3080

By e-mail: rules@lcb.wa.gov

By fax: 360-704-5027

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Draft Rules Public Feedback Table—2023 Liquor Legislation Implementation

Public feedback received July 3, 2023 through July 17, 2023 on the 2023 Liquor Legislation Implementation rule project [draft rules](#). As published in the [Gov Delivery message](#) emailed July 3, 2023, the comment period is open until close of business on July 17, 2023.

Name	Date Received	Feedback	Response time	Response
<p>Ramona Leber, ramona.leber@cni.net</p>	<p>7/17/2023, 5:59 AM</p>	<p>Dear Rules Coordinator:</p> <p>Thank you for the opportunity to comment on LCB’s rulemaking on HB 1731, Distribution of wine to guests of short-term rentals.</p> <p>I had a recent experience at a vacation rental in Lakewood where a bottle of wine was on the kitchen counter for our use. We never saw the owner-operator on site.</p> <p>The rules that have been drafted seem to be clear, complete, and appropriate as far as they go. I understand that there will be little enforcement available for this, so the next best thing is an accountability piece. It could be something as simple as an annual report of the number of bottles of wine distributed to guests or a requirement to have the guest sign a log that includes a guest’s name and age, date, time, and signature with the log being submitted to LCB annually.</p> <p>Thank you.</p> <p>Ramona Leber, Treasurer and Founding Member Washington Association for Substance Misuse and Violence Prevention 360-261-3971</p>	<p>7/19/2023, 8:45 AM</p>	<p>Dear Ramona:</p> <p>Thank you so much for providing your comment on Draft Rules on 2023 Liquor Legislation Implementation. Your input is valuable and we look forward to reviewing your feedback. If we have any questions we will follow up by email.</p> <p>The Washington State Liquor and Cannabis Board (LCB) relies on public feedback, and welcomes the opportunity to hear more from you! Public participation helps LCB develop inclusive, transparent, and accountable policies and rules that serve the public interest.</p> <p>I will certainly follow up with the team regarding some kind of measure to get numbers on how much this endorsement is being used, as that sounds like valuable data that we can use for future rulemaking, thanks so much for the suggestion.</p> <p>Please visit the LCB’s website for more information about 2023 Liquor Legislation Implementation and other current rulemaking activities. To get timely updates from LCB, please sign up to be on our GovDelivery email distribution list (select the Rulemaking option along with any other topic of interest).</p> <p>The LCB Board holds public meetings on Wednesdays at 10 a.m., twice monthly. Held both virtually and in-person, the meetings provide an opportunity for members of the public to address Board members during the Public Comment agenda item, or during scheduled Public Hearings held during the Board meetings. Board meetings are also broadcast live on the state’s public access TV station TVW.</p>

				<p>Please visit LCB's Board meeting schedule and information webpage to learn more about observing or participating in a Board meeting. The next Board meeting will be held on July 19th, 2023 at 10:00 AM (later this morning).</p> <p>Thank you again for reaching out!</p> <p><i>LCB Policy & Rules Coordinators</i></p>
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