



NOTICE OF ADOPTION OF POLICY STATEMENT

Title of Policy Statement: Contract Liquor Stores – Policy Statement Number PS-21-08.

Issuing Entity: Washington State Liquor and Cannabis Board

Subject Matter: This policy statement describes how the Washington State Liquor and Cannabis Board (WSLCB) will continue to address contract liquor store relocation.

Effective Date: December 8, 2021

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Policy Statement

Title:	Contract State Liquor Stores	<i>Number PS-21-08</i>
References:	RCW 66.04.010(11) RCW 66.24.620 RCW 66.24.630	
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[RCW 34.05.230 – Interpretive and policy statements](#)

- (1) An agency is encouraged to advise the public of its current opinions, approaches, and likely courses of action by means of interpretive or policy statements. Current interpretive and policy statements are advisory only. To better inform the public, an agency is encouraged to convert long-standing interpretive and policy statements into rules.

INTRODUCTION

This policy statement describes how the Washington State Liquor and Cannabis Board (WSLCB) will continue to address contract liquor store relocation.

This policy statement supersedes and replaces previous Board Interim Policy (BIP) 01-2012, and any agency guidance concerning this topic.

POLICY STATEMENT

After June 1, 2012, a former contract liquor store manager or new title holder (new owner of the operating right as described in RCW 66.24.620(4)(c)) may relocate their business in their existing market area. Current contract liquor store managers may transfer or sell their business to a qualified liquor applicant or applicants. Contract liquor store buyers will be granted the exception to the minimum ten thousand square foot requirement, and must obtain a spirits retail liquor license from the Washington State Liquor and Cannabis Board (WSLCB) prior to the sale of any spirits.

STATUTORY AUTHORITY

RCW 66.04.010(11) defines “contract liquor store” as a business that sells liquor on behalf of the board through a contract with a contract liquor store manager.

RCW 66.24.620 describes when spirits distributor or retailer license holders could begin the sale of spirits, along with the process of state liquor store closure and auction.

RCW 66.24.630 established the spirits retails license and describes license qualification and renewal requirements, privileges and responsibilities of licensure, and other details, such as fees and penalties for non-compliance.

RCW 66.24.630(3)(a) provides, in relevant part, that the WSLCB may issue a spirits retail license only for premises comprising at least ten thousand square feet of fully enclosed retail space within a single structure, including storerooms and other auxiliary areas.

RCW 66.24.630(3)(c) provides that the WSLCB may not deny a spirits retail license to an otherwise qualified contract liquor store at its contract location or to the holder of a former state liquor store operating rights sold at auction under RCW 66.24.620 on the grounds of location, nature or size of the premises to be licensed. The board may not deny a spirits retail license to applicants that are not contract liquor stores or operating rights holders on the grounds of the size of the premises to be licensed, if such applicant is otherwise qualified and the board determines that:

- (i) There is no spirits retail license holder in the trade area that the applicant proposes to serve;
- (ii) The applicant meets, or upon licensure will meet, the operational requirements established by the board by rule; and
- (iii) The licensee has not committed more than one public safety violation within the three years preceding application.

BACKGROUND AND ANALYSIS

Part of Initiative Measure 1183 (Chapter 2, Laws of 2012, §102), codified in RCW 66.24.620(4)(c) required the LCB to “...sell by auction open to the public the right at each state-owned store location of a spirits retail license to operate a liquor store upon the premise.” RCW 66.24.620(4)(c) further provides that, “Acquisition of the operating rights must be a precondition to, but does not establish eligibility for, a spirits retail license at the location of a state store and does not confer any privilege conferred by a spirits retail license.” The WSLCB refers to the holder of the right to operate a liquor licensed business as a title owner.

RCW 66.24.630(3)(c) provides that a current contract liquor store manager may obtain a spirits retail license without meeting the minimum ten thousand square foot requirement described in RCW 66.24.630(3)(a).

As a result, the WSLCB provided the following provision in BIP 01-2012, approved March 14, 2012:

If a contract liquor store manager is considering relocating in their same town or community they must obtain board approval and complete their relocation prior to June 1, 2012, in order to receive the exception to the 10,000 square foot requirement for a spirits retail liquor license. All other requirements for a spirits retail liquor license must be met before a license is issued.

Since the relocations described in this subsection of BIP 01-2012 have already occurred, the WSLCB will not extend this provision to the present policy statement. The remaining two provisions in the BIP, concerning relocation after June 1, 2012, and exceptions to the ten thousand square foot requirement will be extended through this policy statement as described below.

However, BIP 01-2012 indicated that two terms – “market area” that is not referenced in statute, and “trade area,” that is referenced in RCW 69.50.620(4) would eventually be defined in rule. To date, only the term “trade area” has been defined in rule.

CONCLUSION

After June 1, 2012, a former contract liquor store manager or new title holder (new owner of the operating right as described in RCW 66.24.620(4)(c)) may relocate their business in their existing market area.

To assure consistent application of this policy statement, the agency finds that “market area” and “trade area,” as defined in WAC 314-02-1071(1) have the same meaning. For example,

- “Market area” means a geographic region where a specific good or service is sold.¹
- “Trade area” means a geographic area within which a business or center of retail or wholesale distribution draws most of its business.²

Additionally, current contract liquor store managers may transfer or sell their business to a qualified liquor applicant or applicants. Contract liquor store buyers will be granted the exception to the minimum ten thousand square foot requirement, and must obtain a spirits retail liquor license from the WSLCB prior to the sale of any spirits.

¹ Adapted from “Determining Market Area,” June 2016, [White Paper: Determining Market Area \(Updated: June 2016\) - NH&RA \(housingonline.com\)](#)

² [Trade Area | Definition of Trade Area by Merriam-Webster](#)