



NOTICE OF ADOPTION OF POLICY STATEMENT

Title of Policy Statement: Relocation of Former State Liquor Stores – Policy Statement Number PS-21-09

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 evaluate relocation requests for former state liquor store location title owners.

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References: [RCW 66.24.055](#)
[RCW 66.24.360](#)
[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 evaluate relocation requests for former state liquor store location title owners.

This policy statement supersedes and replaces previous Board Interim Policy 04-2012, and any agency guidance concerning this topic.

POLICY STATEMENT

The WSLCB will review relocation requests received from former state liquor store location title owners consistent with the evaluation criteria described in this policy statement, and other applicable rules, guidelines and information as appropriate.

STATUTORY AUTHORITY

RCW 66.24.055 established the spirits distributor license, allowing the distributors to sell spirits purchased from manufacturers, distillers, or suppliers to spirits retail licensees, special occasion license holders, and several others.

RCW 66.24.360(2) established the wine retailer reseller endorsement of a grocery store license, allowing for the sale of wine at retail in original containers to retailers licensed to sell wine for consumption on premise, for resale at their licensed premises, according to the terms of the license.

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.

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, "Holding the rights does not require the holder of the right to operate a liquor licensed business or apply for a liquor license." The WSLCB interprets these provisions to mean that a title owner, or the holder of the right to operate a liquor licensed business, is not obligated to operate a business, and therefore, not obligated to seek an agreement with the landlord of the former state liquor store.

Various factors may prevent agreement between a landlord and prospective licensee, including non-compete agreements from other tenants, commercial terms within the lease, and inconsistencies between a lessee's business model and the size or location of the landlord's property. RCW 66.24.620 does not authorize the WSLCB to require a landlord or prospective lessee to engage in business together.

Based on this analysis, the WSLCB found that location alternatives are necessary because there are variables that may prevent a title owner from establishing a business at the exact location of the former state liquor store.

During implementation of RCW 66.24.620, the WSLCB auctioned the rights associated with 167 state-owned liquor stores. The WSLCB informed bidders that property rights were not part of the auction and that leases, if desired, would have to be negotiated between the auction winner and landlord. Bidders were informed that they would have four specific options:

- Exercise their right at the existing location;
- Request approval of an alternate location;
- Sell or transfer their right to another individual/entity; or
- Do nothing.

CONCLUSION

To provide consistency and support transparency, the WSLCB will use the following criteria to evaluate requests for relocation of former state liquor stores:

1. Location alternatives are needed based on various factors. Examples of circumstances that may accompany a request for relocation include:
 - a. The original location is no longer available (occupied by another tenant);
 - b. The landlord has non-compete agreements with other tenants that conflict with the title owner's planned product offering;
 - c. The commercial terms of the lease are deemed unacceptable by the title owner or landlord.
 - d. There are inconsistencies between a lessee's business model and the size or location of the landlord's property.
 - e. The title owner is unable to reach an acceptable agreement with the landlord of the original location.
2. The new location should be within a one-mile radius (as the crow flies) from the original State store address and not violate a WAC or RCW such as proximity to schools or places of worship.
3. Any subsequent relocation should also be within a one-mile radius (as the crow flies) from the original State store address. This will help to center the liquor store within the original area.
4. There is no limit on the number of relocations requested as long as they meet the Board's criteria.
5. A new location beyond a one-mile radius (as the crow flies) may be considered if the following conditions exist:
 - a. The landlord is unable to lease the location to the Title Owner due to a non-compete agreement with other tenants, AND
 - b. There are no other commercial properties within range regardless of vacancy status, AND
 - c. The new location is still determined to be within the general area served by the original location.
6. As geographic and/or economic conditions change, the Board should revisit these criteria to ensure it is effectively guiding decisions in a manner consistent with the WSLCB mission statement.