

# FINAL BILL REPORT

## ESHB 1557

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Synopsis as Enacted

**Brief Description:** Concerning liquor licenses.

**Sponsors:** House Committee on Commerce & Gaming (originally sponsored by Representatives MacEwen and Stanford).

**House Committee on Commerce & Gaming**  
**House Committee on Appropriations**  
**Senate Committee on Labor & Commerce**

**Background:**

The Liquor and Cannabis Board (LCB) issues various liquor licenses to qualified applicants wishing to engage in the manufacture, distribution, or retail sale of liquor in Washington state. Unless cancelled sooner, every liquor license issued by the LCB expires at midnight of June 30 of the fiscal year for which the license was issued. The LCB coordinates with the Department of Revenue to process license applications through the Business Licensing Service Act.

The LCB may, if the LCB deems it feasible and desirable to do so, establish by rule a system for staggering the annual renewal dates for any and all liquor licenses. If the LCB establishes such a staggered license renewal system, license fees must be appropriately prorated during the first year the system is in effect. However, for one liquor license type, prorating of license fees is required in law: at the time of the original license issuance of a spirits, beer, and wine restaurant license, the LCB must prorate the license fee according to the number of calendar quarters, or portions thereof, remaining until the first renewal of the license.

When considering applications for liquor licenses and renewals of liquor licenses, the LCB may inspect the premises proposed to be licensed, and may inquire into all matters in connection with the construction and operation of the premises. The LCB may consider any prior criminal conduct of the applicant including an administrative violation history record with the LCB and a criminal history record information check.

The LCB also sends notice of the application and any license renewal application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the license is for an

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application outside of an incorporated city or town. The local government may file written objections with the LCB against the applicant or against the premises for which the new or renewal license applies, and may request a hearing that the LCB has discretion to hold.

Before the LCB issues any liquor license it must give due consideration to the proposed location with respect to the proximity of churches, schools, and public institutions. Churches are defined as buildings erected for and used exclusively for religious worship and schooling or other connected activity. Public institutions are defined as institutions of higher education, parks, community centers, libraries, and transit centers.

The LCB must send written notice of the application to public institutions identified by the LCB as appropriate to receive the notice, churches, and schools within 500 feet of the premises proposed to be licensed. The LCB may not issue a liquor license for either on-premises or off-premises consumption covering any premises not currently licensed, if the premises is within 500 feet of any tax-supported public elementary or secondary school and the LCB receives written objection, within 20 days after the school receives the notice, from an official representative(s) of the school indicating there is an objection to the issuance of the license due to proximity to the school.

Every liquor license issued is subject to all conditions and restrictions imposed by law and the LCB's rules, which if imposed may be listed on the face of the license along with the licensee's trade name, address, and the license expiration date.

#### **Summary:**

The liquor licensing and renewal process for annual liquor licenses is modified. For the original issuance of a liquor license, including approval of a conditional license, the Liquor and Cannabis Board (LCB) must set the expiration date of the license to the last day of the calendar month that is 12 months from the calendar month in which final approval of the license is granted. Upon renewal, the expiration date of the license may subsequently be prorated as necessary in accordance with the Business Licensing Service Act.

Accordingly, provisions are repealed that currently make every liquor license issued by the LCB expire at midnight of June 30 of the fiscal year for which the license was issued. Similarly, provisions currently authorizing the LCB to establish by rule a system for staggering the annual renewal dates for liquor licenses and providing for prorated license fees during the first year of any such system established by rule are repealed. Additionally, the requirement that the LCB must prorate the license fee charged to a new spirits, beer, and wine restaurant licensee in the first license year is repealed.

Provisions are added related to liquor license applications involving premises subject to a pending lease or purchase agreement. When an applicant for a liquor license is qualified for approval of the license in every way except for having executed a lease or purchase agreement for the proposed licensed premises, the LCB must grant conditional license approval to the applicant. Upon notification to the LCB of execution of the lease or purchase agreement putting the applicant in control of the premises, the LCB must immediately grant final approval of the license issuance, and the licensee may immediately begin exercising all privileges provided under the license, except as otherwise provided in liquor laws. For the

purposes of this new requirement, the term "license" in liquor statutes includes "conditional license."

Outdated references to "Liquor Control Board" are corrected, to reflect the agency's new name.

**Votes on Final Passage:**

House	98	0
Senate	48	0

**Effective:** January 1, 2020