
SECOND SUBSTITUTE HOUSE BILL 1701

State of Washington

69th Legislature

2026 Regular Session

By House Consumer Protection & Business (originally sponsored by Representative Steele)

READ FIRST TIME 02/03/26.

1 AN ACT Relating to authorizing multiple liquor licensees to have
2 licensed premises within a facility owned and leased out by another
3 liquor licensee or person; and amending RCW 66.24.010 and 66.28.295.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 66.24.010 and 2019 c 370 s 1 are each amended to
6 read as follows:

7 (1) Every license must be issued in the name of the applicant,
8 and the holder thereof may not allow any other person to use the
9 license.

10 (2) For the purpose of considering any application for a license,
11 or the renewal of a license, the board may cause an inspection of the
12 premises to be made, and may inquire into all matters in connection
13 with the construction and operation of the premises. For the purpose
14 of reviewing any application for a license and for considering the
15 denial, suspension, revocation, or renewal or denial thereof, of any
16 license, the board may consider any prior criminal conduct of the
17 applicant including an administrative violation history record with
18 the board and a criminal history record information check. The board
19 may submit the criminal history record information check to the
20 Washington state patrol and to the identification division of the
21 federal bureau of investigation in order that these agencies may

1 search their records for prior arrests and convictions of the
2 individual or individuals who filled out the forms. The board must
3 require fingerprinting of any applicant whose criminal history record
4 information check is submitted to the federal bureau of
5 investigation. The provisions of RCW 9.95.240 and of chapter 9.96A
6 RCW do not apply to such cases. Subject to the provisions of this
7 section, the board may, in its discretion, grant or deny the renewal
8 or license applied for. Denial may be based on, without limitation,
9 the existence of chronic illegal activity documented in objections
10 submitted pursuant to subsections (8)(d) and (12) of this section.
11 Authority to approve an uncontested or unopposed license may be
12 granted by the board to any staff member the board designates in
13 writing. Conditions for granting such authority must be adopted by
14 rule. No retail license of any kind may be issued to:

15 (a) A person doing business as a sole proprietor who has not
16 resided in the state for at least one month prior to receiving a
17 license, except in cases of licenses issued to dining places on
18 railroads, boats, or aircraft;

19 (b) A copartnership, unless all of the members thereof are
20 qualified to obtain a license, as provided in this section;

21 (c) A person whose place of business is conducted by a manager or
22 agent, unless such manager or agent possesses the same qualifications
23 required of the licensee;

24 (d) A corporation or a limited liability company, unless it was
25 created under the laws of the state of Washington or holds a
26 certificate of authority to transact business in the state of
27 Washington.

28 (3)(a) The board may, in its discretion, subject to the
29 provisions of RCW 66.08.150, suspend or cancel any license; and all
30 rights of the licensee to keep or sell liquor thereunder must be
31 suspended or terminated, as the case may be.

32 (b) The board must immediately suspend the license or certificate
33 of a person who has been certified pursuant to RCW 74.20A.320 by the
34 department of social and health services as a person who is not in
35 compliance with a support order. If the person has continued to meet
36 all other requirements for reinstatement during the suspension,
37 reissuance of the license or certificate is automatic upon the
38 board's receipt of a release issued by the department of social and
39 health services stating that the licensee is in compliance with the
40 order.

1 (c) Upon written notification by the department of revenue in
2 accordance with RCW 82.08.155 that a person is more than thirty days
3 delinquent in reporting or remitting spirits taxes to the department,
4 the board must suspend all spirits licenses held by that person. The
5 board must also refuse to renew any existing spirits license of, or
6 issue any new spirits license to, the person or any other applicant
7 controlled directly or indirectly by that person. The board may not
8 reinstate a person's spirits license or renew or issue a new spirits
9 license to that person, or an applicant controlled directly or
10 indirectly by that person, until such time as the department of
11 revenue notifies the board that the person is current in reporting
12 and remitting spirits taxes or that the department consents to the
13 reinstatement or renewal of the person's spirits license or the
14 issuance of a new spirits license to the person. For purposes of this
15 section: (i) "Spirits license" means any license issued by the board
16 under the authority of this chapter that authorizes the licensee to
17 sell spirits; and (ii) "spirits taxes" has the same meaning as in RCW
18 82.08.155.

19 (d) The board may request the appointment of administrative law
20 judges under chapter 34.12 RCW who must have power to administer
21 oaths, issue subpoenas for the attendance of witnesses and the
22 production of papers, books, accounts, documents, and testimony,
23 examine witnesses, and to receive testimony in any inquiry,
24 investigation, hearing, or proceeding in any part of the state, under
25 such rules and regulations as the board may adopt.

26 (e) Witnesses are allowed fees and mileage each way to and from
27 any such inquiry, investigation, hearing, or proceeding at the rate
28 authorized by RCW 34.05.446. Fees need not be paid in advance of
29 appearance of witnesses to testify or to produce books, records, or
30 other legal evidence.

31 (f) In case of disobedience of any person to comply with the
32 order of the board or a subpoena issued by the board, or any of its
33 members, or administrative law judges, or on the refusal of a witness
34 to testify to any matter regarding which he or she may be lawfully
35 interrogated, the judge of the superior court of the county in which
36 the person resides, on application of any member of the board or
37 administrative law judge, must compel obedience by contempt
38 proceedings, as in the case of disobedience of the requirements of a
39 subpoena issued from said court or a refusal to testify therein.

1 (4) Upon receipt of notice of the suspension or cancellation of a
2 license, the licensee must forthwith deliver up the license to the
3 board. Where the license has been suspended only, the board must
4 return the license to the licensee at the expiration or termination
5 of the period of suspension. The board must notify all vendors in the
6 city or place where the licensee has its premises of the suspension
7 or cancellation of the license; and no employee may allow or cause
8 any liquor to be delivered to or for any person at the premises of
9 that licensee.

10 (5) (a) For the original issuance of a liquor license, including
11 the approval of a conditional license as provided in (b) of this
12 subsection, the board must set the expiration date of the license to
13 the last day of the calendar month that is twelve months from the
14 calendar month in which final approval of the license is granted.
15 Upon renewal, the expiration date of the license, including licenses
16 approved under (b) of this subsection, may subsequently be prorated
17 as necessary in accordance with chapter 19.02 RCW.

18 (b) (i) When an applicant for a liquor license is qualified for
19 approval of the license in every way except having executed a lease
20 or purchase agreement for the proposed licensed premises, the board
21 must grant conditional approval to the applicant.

22 (ii) Upon notification to the board of execution of the lease or
23 purchase agreement putting the applicant in control of the premises,
24 the board must immediately grant final approval of the license
25 issuance, and the licensee may immediately begin exercising all
26 privileges provided under the license, except as otherwise provided
27 under this title.

28 (iii) For the purposes of this title, the term "license" includes
29 "conditional license."

30 (6) Every license issued under this section is subject to all
31 conditions and restrictions imposed by this title or by rules adopted
32 by the board. All conditions and restrictions imposed by the board in
33 the issuance of an individual license may be listed on the face of
34 the individual license along with the trade name, address, and
35 expiration date. Conditions and restrictions imposed by the board may
36 also be included in official correspondence separate from the
37 license. All spirits licenses are subject to the condition that the
38 spirits license holder must report and remit to the department of
39 revenue all spirits taxes by the date due.

1 (7) Every licensee must post and keep posted its license, or
2 licenses, and any additional correspondence containing conditions and
3 restrictions imposed by the board in a conspicuous place on the
4 premises.

5 (8) (a) Unless (b) of this subsection applies, before the board
6 issues a new or renewal license to an applicant it must give notice
7 of such application to the chief executive officer of the
8 incorporated city or town, if the application is for a license within
9 an incorporated city or town, or to the county legislative authority,
10 if the application is for a license outside the boundaries of
11 incorporated cities or towns.

12 (b) If the application for a special occasion license is for an
13 event held during a county, district, or area fair as defined by RCW
14 15.76.120, and the county, district, or area fair is located on
15 property owned by the county but located within an incorporated city
16 or town, the county legislative authority must be the entity notified
17 by the board under (a) of this subsection. The board must send a
18 duplicate notice to the incorporated city or town within which the
19 fair is located.

20 (c) The incorporated city or town through the official or
21 employee selected by it, or the county legislative authority or the
22 official or employee selected by it, has the right to file with the
23 board within twenty days after the date of transmittal of such notice
24 for applications, or at least thirty days prior to the expiration
25 date for renewals, written objections against the applicant or
26 against the premises for which the new or renewal license is asked.
27 The board may extend the time period for submitting written
28 objections.

29 (d) The written objections must include a statement of all facts
30 upon which such objections are based, and in case written objections
31 are filed, the city or town or county legislative authority may
32 request and the board may in its discretion hold a hearing subject to
33 the applicable provisions of Title 34 RCW. If the board makes an
34 initial decision to deny a license or renewal based on the written
35 objections of an incorporated city or town or county legislative
36 authority, the applicant may request a hearing subject to the
37 applicable provisions of Title 34 RCW. If such a hearing is held at
38 the request of the applicant, board representatives must present and
39 defend the board's initial decision to deny a license or renewal.

1 (e) Upon the granting of a license under this title the board
2 must send written notification to the chief executive officer of the
3 incorporated city or town in which the license is granted, or to the
4 county legislative authority if the license is granted outside the
5 boundaries of incorporated cities or towns. When the license is for a
6 special occasion license for an event held during a county, district,
7 or area fair as defined by RCW 15.76.120, and the county, district,
8 or area fair is located on county-owned property but located within
9 an incorporated city or town, the written notification must be sent
10 to both the incorporated city or town and the county legislative
11 authority.

12 (9)(a) Before the board issues any license to any applicant, it
13 shall give (i) due consideration to the location of the business to
14 be conducted under such license with respect to the proximity of
15 churches, schools, and public institutions and (ii) written notice,
16 with receipt verification, of the application to public institutions
17 identified by the board as appropriate to receive such notice,
18 churches, and schools within five hundred feet of the premises to be
19 licensed. The board may not issue a liquor license for either on-
20 premises or off-premises consumption covering any premises not now
21 licensed, if such premises are within five hundred feet of the
22 premises of any tax-supported public elementary or secondary school
23 measured along the most direct route over or across established
24 public walks, streets, or other public passageway from the main
25 entrance of the school to the nearest public entrance of the premises
26 proposed for license, and if, after receipt by the school of the
27 notice as provided in this subsection, the board receives written
28 objection, within twenty days after receiving such notice, from an
29 official representative or representatives of the school within five
30 hundred feet of said proposed licensed premises, indicating to the
31 board that there is an objection to the issuance of such license
32 because of proximity to a school. The board may extend the time
33 period for submitting objections. For the purpose of this section,
34 "church" means a building erected for and used exclusively for
35 religious worship and schooling or other activity in connection
36 therewith. For the purpose of this section, "public institution"
37 means institutions of higher education, parks, community centers,
38 libraries, and transit centers.

39 (b) No liquor license may be issued or reissued by the board to
40 any motor sports facility or licensee operating within the motor

1 sports facility unless the motor sports facility enforces a program
2 reasonably calculated to prevent alcohol or alcoholic beverages not
3 purchased within the facility from entering the facility and such
4 program is approved by local law enforcement agencies.

5 (c) It is the intent under this subsection (9) that a retail
6 license may not be issued by the board where doing so would, in the
7 judgment of the board, adversely affect a private school meeting the
8 requirements for private schools under Title 28A RCW, which school is
9 within five hundred feet of the proposed licensee. The board must
10 fully consider and give substantial weight to objections filed by
11 private schools. If a license is issued despite the proximity of a
12 private school, the board must state in a letter addressed to the
13 private school the board's reasons for issuing the license.

14 (10) The restrictions set forth in subsection (9) of this section
15 do not prohibit the board from authorizing the assumption of existing
16 licenses now located within the restricted area by other persons or
17 licenses or relocations of existing licensed premises within the
18 restricted area. In no case may the licensed premises be moved closer
19 to a church or school than it was before the assumption or
20 relocation.

21 (11)(a) Nothing in this section prohibits the board, in its
22 discretion, from issuing a temporary retail or distributor license to
23 an applicant to operate the retail or distributor premises during the
24 period the application for the license is pending. The board may
25 establish a fee for a temporary license by rule.

26 (b) A temporary license issued by the board under this section
27 must be for a period not to exceed sixty days. A temporary license
28 may be extended at the discretion of the board for additional periods
29 of sixty days upon payment of an additional fee and upon compliance
30 with all conditions required in this section.

31 (c) Refusal by the board to issue or extend a temporary license
32 shall not entitle the applicant to request a hearing. A temporary
33 license may be canceled or suspended summarily at any time if the
34 board determines that good cause for cancellation or suspension
35 exists. RCW 66.08.130 applies to temporary licenses.

36 (d) Application for a temporary license must be on such form as
37 the board shall prescribe. If an application for a temporary license
38 is withdrawn before issuance or is refused by the board, the fee
39 which accompanied such application must be refunded in full.

1 (12) In determining whether to grant or deny a license or renewal
2 of any license, the board must give substantial weight to objections
3 from an incorporated city or town or county legislative authority
4 based upon chronic illegal activity associated with the applicant's
5 operations of the premises proposed to be licensed or the applicant's
6 operation of any other licensed premises, or the conduct of the
7 applicant's patrons inside or outside the licensed premises. "Chronic
8 illegal activity" means (a) a pervasive pattern of activity that
9 threatens the public health, safety, and welfare of the city, town,
10 or county including, but not limited to, open container violations,
11 assaults, disturbances, disorderly conduct, or other criminal law
12 violations, or as documented in crime statistics, police reports,
13 emergency medical response data, calls for service, field data, or
14 similar records of a law enforcement agency for the city, town,
15 county, or any other municipal corporation or any state agency; or
16 (b) an unreasonably high number of citations for violations of RCW
17 46.61.502 associated with the applicant's or licensee's operation of
18 any licensed premises as indicated by the reported statements given
19 to law enforcement upon arrest.

20 (13)(a) Nothing in this title prohibits an applicant for a liquor
21 license from becoming licensed to operate out of a premises located
22 on the property of a facility that includes the separate premises of
23 other liquor licensees or other businesses.

24 (b) The owner of a facility described in this subsection may be,
25 but is not required to be, one of the licensees operating out of a
26 premises at the facility. Nothing in this title prohibits a licensee
27 who owns real property, or real and personal property, from leasing
28 such property to other licensees or businesses and multiple licensees
29 or businesses operating their own premises at the facility, or
30 prohibits a licensee from leasing use of its kitchen to another
31 person. The board shall not consider the existence of such
32 arrangements alone to impact the licensee's ownership and control of
33 their premises or otherwise prevent licensure. A licensee that leases
34 use of its kitchen to another person must ensure that the other
35 person holds all required permits, approvals, and licenses, including
36 kitchen and food service permits required by the applicable local
37 health department and state and local business licenses, before
38 operating out of the kitchen.

39 (c) The board may require submission of any lease agreement,
40 operating agreement, and other contract in existence between

1 licensees, businesses, and the owner of the facility, and between the
2 different licensees and businesses at the facility, to ensure each
3 licensee retains ownership and control over their licensed premises
4 on the facility property.

5 (d) Each licensee and business must operate out of their own
6 premises on the facility property, except as authorized under RCW
7 66.24.1472 or 66.24.710(7), or under (b) of this subsection (13) for
8 leased use of kitchen facilities.

9 (e) Nothing in this subsection:

10 (i) Authorizes a licensee to engage in privileges not authorized
11 under the terms of their license;

12 (ii) Requires a licensee to obtain a liquor license for a type of
13 activity conducted by another licensee from that other licensee's
14 separate premises on the facility property;

15 (iii) Shall be construed to violate RCW 66.28.305 or other
16 provisions of this title;

17 (iv) Authorizes a person who does not hold a liquor license to
18 engage in any activity that requires holding a liquor license; or

19 (v) Authorizes a person, including a lessee of a kitchen, to
20 engage in food preparation or service without holding all required
21 permits, approvals, and licenses, including kitchen and food service
22 permits required by the applicable local health department and state
23 and local business licenses.

24 **Sec. 2.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read
25 as follows:

26 Nothing in RCW 66.28.290 shall prohibit:

27 (1) A licensed domestic brewery or microbrewery from being
28 licensed as a retailer pursuant to chapter 66.24 RCW for the purpose
29 of selling beer or wine at retail on the brewery premises and at one
30 additional off-site retail only location.

31 (2) A domestic winery from being licensed as a retailer pursuant
32 to chapter 66.24 RCW for the purpose of selling beer or wine at
33 retail on the winery premises. Such beer and wine so sold at retail
34 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210
35 and to reporting and bonding requirements as prescribed by
36 regulations adopted by the board pursuant to chapter 34.05 RCW, and
37 beer and wine that is not produced by the brewery or winery shall be
38 purchased from a licensed beer or wine distributor.

1 (3) A microbrewery holding a beer and/or wine restaurant license
2 under RCW 66.24.320 from holding the same privileges and endorsements
3 attached to the beer and/or wine restaurant license.

4 (4) A licensed craft distillery from selling spirits of its own
5 production under RCW 66.24.145.

6 (5) A licensed distiller, domestic brewery, microbrewery,
7 domestic winery, or a lessee of a licensed domestic brewer,
8 microbrewery, or domestic winery, from being licensed as a spirits,
9 beer, and wine restaurant pursuant to chapter 66.24 RCW for the
10 purpose of selling liquor at a spirits, beer, and wine restaurant
11 premises on the property on which the primary manufacturing facility
12 of the licensed distiller, domestic brewer, microbrewery, or domestic
13 winery is located or on contiguous property owned or leased by the
14 licensed distiller, domestic brewer, microbrewery, or domestic winery
15 as prescribed by rules adopted by the board pursuant to chapter 34.05
16 RCW.

17 (6) A microbrewery holding a spirits, beer, and wine restaurant
18 license under RCW 66.24.420 from holding the same privileges and
19 endorsements attached to the spirits, beer, and wine restaurant
20 license.

21 (7) A brewery or microbrewery holding a spirits, beer, and wine
22 restaurant license or a beer and/or wine license under chapter 66.24
23 RCW operated on the premises of the brewery or microbrewery from
24 holding a second retail only license at a location separate from the
25 premises of the brewery or microbrewery.

26 (8) Retail licensees with a caterer's endorsement issued under
27 RCW 66.24.320 or 66.24.420 from operating on a domestic winery
28 premises.

29 (9) An organization qualifying under RCW 66.24.375 formed for the
30 purpose of constructing and operating a facility to promote
31 Washington wines from holding retail licenses on the facility
32 property or leasing all or any portion of such facility property to a
33 retail licensee on the facility property if the members of the board
34 of directors or officers of the board for the organization include
35 officers, directors, owners, or employees of a licensed domestic
36 winery. Financing for the construction of the facility must include
37 both public and private money.

38 (10) A bona fide charitable nonprofit society or association
39 registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal
40 internal revenue code, or a local wine industry association

1 registered under Title 26 U.S.C. Sec. 501(c)(6) of the federal
2 internal revenue code as it existed on July 22, 2007, and having an
3 officer, director, owner, or employee of a licensed domestic winery
4 or a wine certificate of approval holder on its board of directors
5 from holding a special occasion license under RCW 66.24.380.

6 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or
7 66.24.244 from exercising the privileges of distributing and selling
8 at retail such person's own production or from exercising any other
9 right or privilege that attaches to such license.

10 (12) A person holding a certificate of approval pursuant to RCW
11 66.24.206 from obtaining an endorsement to act as a distributor of
12 their own product or from shipping their own product directly to
13 consumers as authorized by RCW 66.20.360.

14 (13) A person holding a wine shipper's permit pursuant to RCW
15 66.20.375 from shipping their own product directly to consumers.

16 (14) A person holding a certificate of approval pursuant to RCW
17 66.24.270(2) from obtaining an endorsement to act as a distributor of
18 their own product.

19 (15) A domestic winery and a restaurant licensed under RCW
20 66.24.320 or 66.24.400 from entering an arrangement to waive a
21 corkage fee.

22 (16) A person holding a domestic brewery license, microbrewery
23 license, domestic winery license, distiller license, craft distillery
24 license, or manufacturer's license, from operating a premises in a
25 facility at which a person holding a retail liquor license also
26 operates in a separate space, which facility may be owned by any such
27 licensee and space leased to other such licensees consistent with RCW
28 66.24.010(13).

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