WSR 26-18-093
PERMANENT RULES
LIQUOR AND CANNABIS BOARD

[Filed September 2, 2026, 10:39 a.m., effective October 3, 2026]

Effective Date of Rule: Thirty-one days after filing.

Purpose: The Washington state liquor and cannabis board (board) has created one new rule and amended two existing rules to implement 2SHB 1701, chapter 196, Laws of 2026: New WAC 314-02-006 Liquor licensee leases; and amending WAC 314-07-020 Liquor licensee qualifications and application process, and 314-12-140 Prohibited practices—Contracts—Gifts—Rebates, etc.

Additionally, some rule making previously done to implement EHB 1602 from last session should have included revisions to WAC 314-07-020 and 314-12-140 that are being done here.

Citation of Rules Affected by this Order: New WAC 314-02-006; and amending WAC 314-07-020 and 314-12-140.

Statutory Authority for Adoption: RCW 66.08.030, 66.24.010, 66.24.246, and 66.28.295.

Other Authority: EHB 1602 (chapter 141, Laws of 2025), 2SHB 1701 (chapter 196, Laws of 2026); RCW 66.04.010, 66.24.010, 66.24.240, 66.24.244, 66.24.420, 66.24.400, 66.24.410, and 66.28.295.

Adopted under notice filed as WSR 26-14-112 on July 1, 2026.

A final cost-benefit analysis is available by contacting Daniel Jacobs, Rules and Policy Coordinator, 1025 Union Avenue S.E., Olympia, WA 98501, phone 360-480-1238, fax 360-664-3208, email rules@lcb.wa.gov, website www.lcb.wa.gov.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 1, Amended 2, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 1, Amended 2, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 1, Amended 2, Repealed 0.

Date Adopted: September 2, 2026.

Jim Vollendroff
Chair

RDS-7194.1

NEW SECTION

WAC 314-02-006 Liquor licensee leases. (1) Definitions. The following definitions apply within this rule:

(a) "Lease" means a transfer of the right to possession and use of real or personal property for a term in return for consideration.

(b) "Lessee" means a person who acquires the right to possession and use of real or personal property under a lease.

(c) "Lessor" means a person who transfers the right to possession and use of real or personal property under a lease.

(d) "Person" means an individual or entity such as a partnership, association, limited liability corporation, not-for-profit organization, or a corporation.

(e) "Separate space" as used in RCW 66.28.295(16), means areas separated by physical barriers.

(2)(a) Consistent with RCW 66.24.010 (13)(c), all lease agreements, operating agreements, and other contracts in existence between licensees, businesses, and the lessor, and between lessors and lessees, and amongst lessees, must be submitted to the board.

(b) All agreements and contracts described in (a) of this subsection must also be kept and maintained consistent with WAC 314-11-095.

(3) Lease of kitchen space: A lessor that leases use of its kitchen to a lessee must comply with the following:

(a) Lessor must ensure that the lessee holds all required state and local business licenses before operating out of the kitchen;

(b) Licensees must maintain separate secure storage of their alcohol inventory when leasing kitchen space; and

(c) A licensee may lease out their kitchen space but may not contract out their food service unless:

(i) The licensee does not have a food service requirement; or

(ii) As permitted in WAC 314-02-015, 314-02-035, or 314-02-045.

(4) All leases under this section must comply with the following:

(a) Leases shall not contain any profit or revenue sharing;

(b) Leases shall not require that the lessee serve products made by the lessor;

(c) Leases shall not require that the lessee advertise products made by the lessor; and

(d) Leases shall not require any activity prohibited by WAC 314-12-140 or other sections of Title 314 WAC.

(5) Nothing in this rule allows licensees to share space beyond what is permitted in RCW 66.24.1472, 66.24.710(7), and 66.24.800.

RDS-7199.1

AMENDATORY SECTION (Amending WSR 15-11-106, filed 5/20/15, effective 6/20/15)

WAC 314-07-020 Liquor license qualifications and application process. Each liquor license application is unique and investigated individually. The board may inquire and request documents regarding all matters in connection with the liquor license application. Following is a general outline of the liquor license application process.

(1) Per RCW 66.24.010, the board shall send a notice to the local authority regarding the liquor license application. The local authority has ((~~twenty~~)) 20 days to respond with a recommendation to approve or an objection to the applicant, location, or both.

(a) The local authority may submit a written request to the board for an extension for good cause shown.

(b) If the application is within a board-recognized alcohol impact area, the board will give the local authority ((~~sixty~~)) 60 days to comment on the liquor license application or assumption (see WAC 314-12-215((~~(7)~~)) (6) for more information).

(2) For an application for a new liquor license privilege, the board may require a public posting notice to be posted at the site for ((~~fourteen~~)) 14 days.

(3) For an application for a new liquor license privilege, the board shall notify schools, churches, or public colleges or universities within ((~~five hundred~~)) 500 feet of the business (see RCW 66.24.010(9) for more information).

(4) The board will verify that the proposed business meets the minimum requirements for the type of license or privilege requested.

(5) The board may conduct an investigation of the applicants' criminal history and administrative violation history, per WAC 314-07-040 and 314-07-045.

(6) The board may conduct a financial investigation in order to verify the source of funds used for the acquisition and startup of the business.

(7)(a) The board will conduct an investigation to establish the applicant's exclusive right to the real and personal property and to verify the true party(ies) of interest.

(b) Licensees are permitted to engage in leases consistent with RCW 66.24.010(13) and 66.28.295(16), and WAC 314-02-006.

(c) Beer and/or wine licensees are permitted to engage in contracts, leases, or subleases to satisfy food service requirements consistent with RCW 66.24.240, 66.24.244, and 66.24.320, and WAC 314-02-045.

(d) Spirits, beer, and wine licensees are permitted to engage in contracts, leases, or subleases to satisfy food service requirements consistent with RCW 66.24.240, 66.24.244, and 66.24.400, and WAC 314-02-015 and 314-02-035.

(8) The board may provide a briefing on liquor laws and rules.

(9) The board may conduct a final inspection of the proposed licensed business, in order to determine if the applicant has complied with all the requirements of the license or privilege requested.

(10) Per RCW 66.24.010 (2)(a), all applicants must have resided in the state of Washington for at least one month prior to issuance of a liquor license. For a corporation or a limited liability company, the entity meets this residency requirement if the entity was formed in Washington or has a certificate of authority to do business in Washington.

(11) All applicants and true parties of interest must be at least ((~~twenty-one~~)) 21 years of age.

(12) Upon failure to respond to the board licensing and regulation division's requests for information within the timeline provided, the application will be administratively closed.

RDS-7195.1

AMENDATORY SECTION (Amending WSR 21-03-095, filed 1/20/21, effective 2/20/21)

WAC 314-12-140 Prohibited practices—Contracts—Gifts—Rebates, etc. (1) No industry member or retailer shall enter into any agreement which causes undue influence over another retailer or industry member. This regulation shall not be construed as prohibiting the placing and accepting of orders for the purchase and delivery of liquor which are made in accordance with the usual and common business practice and which are otherwise in compliance with the regulations.

(2) Except as permitted under RCW 66.28.310, no industry member shall advance and no retailer, any employee thereof, or applicant for a retail liquor license shall receive money or money's worth under any written or unwritten agreement or any other business practice or arrangement such as:

(a) Gifts;

(b) Discounts;

(c) Loans of money;

(d) Premiums;

(e) Rebates;

(f) Free liquor of any kind; or

(g) Treats or services of any nature whatsoever except such services as are authorized in this regulation.

(3) Pursuant to RCW 66.28.310 and 66.44.318 an industry member or licensed agent may perform the following services for a retailer:

(a) Build, rotate, and restock displays, utilizing filled cases, filled bottles or filled cans of its own brands only, from stock or inventory owned by the retailer.

(b) Rotate, rearrange or replenish bottles or cans of its own brands on shelves or in the refrigerators but is prohibited from rearranging or moving displays of its products in such a manner as to cover up, hide or reduce the space of display of the products of any other industry member.

(c) Industry members or any employees thereof may move or handle in any manner any products of any other manufacturer, importer or distributor on the premises of any retail licensee when a two-day notice is given to other interested industry members or their agents and such activity occurs during normal business hours or upon hours that are mutually agreed.

(d) Provide price cards and may also price goods of its own brands in accordance with the usual and common business practice and which are otherwise in compliance with the regulations.

(e) Provide point of sale advertising material and brand signs.

(f) Provide sales analysis of beer and wine products based on statistical sales data voluntarily provided by the retailer involved for the purpose of proposing a schematic display for beer and wine products. Any statistical sales data provided by retailers for this purpose shall be at no charge.

(g) Such services may be rendered only upon the specific approval of the retail licensee. Displays and advertising material installed or supplied for use on a retailer's premises must be in conformity with the board's advertising rules as set forth in chapter 314-52 WAC.

(h) Licensees holding nonretail class liquor licenses are permitted to allow their employees between the ages of ((~~eighteen~~)) 18 and ((~~twenty-one~~)) 21 to stock, merchandise, and handle liquor on or about the:

(i) Nonretail premises if there is an adult ((~~twenty-one~~)) 21 years of age or older on duty supervising such activities on the premises; and

(ii) Retail licensee's premises, except between the hours of 11:00 p.m. and 4:00 a.m., as long as there is an adult ((~~twenty-one~~)) 21 years of age or older, employed by the retail licensee, and present at the retail licensee's premises during the activities.

Any act or omission of the nonretail class liquor licensee's employee occurring at or about the retail licensee's premises, which violates any provision of this title, is the sole responsibility of the nonretail class liquor licensee.

(4)(a) No industry member or employee thereof shall, directly or indirectly, give, furnish, rent or lend to, or receive from, any retailer, any equipment, fixtures, supplies or property of any kind, nor shall any retail licensee, directly or indirectly, receive, lease or borrow from, or give or offer to, any industry member any equipment, fixtures, supplies or property of any kind. Sales authorized in this regulation shall be made on a cash on delivery basis only.

(b) Licensees are permitted to engage in leases consistent with RCW 66.24.010(13), 66.28.295(16), and WAC 314-02-006.

(5) No industry member or employee thereof shall sell to any retail licensee or solicit from any such licensee any order for any liquor tied in with, or contingent upon, the retailer's purchase of some other beverage, alcoholic or otherwise, or any other merchandise, property or service.

(6) In selling equipment, fixtures, supplies or commodities other than liquor, no industry member shall grant to any retailer, nor shall such retailer accept, more favorable prices than those extended to nonlicensed retailers. The price thereof shall be not less than the industry member's cost of acquisition. In no event shall credit be extended to any retailer.

(7) Any industry member who sells what is commonly referred to as heavy equipment and fixtures, such as counters, back bars, stools, chairs, tables, sinks, refrigerators or cooling boxes and similar articles, shall immediately after making any such sales have on file and available for inspection, records including a copy of the invoice covering each such sale, which invoice shall contain the following information:

(a) A complete description of the articles sold;

(b) The purchase price of each unit sold together with the total amount of the sale;

(c) Transportation costs and services rendered in connection with the installation of such articles; and

(d) The date of such sale and affirm that full cash payment for such articles was received from the retailer as provided in subsection (4) of this section.

(8) If the board finds in any instance that any licensee has violated this regulation, then all licenses involved shall be held equally responsible for such violation.

Note: WAC 314-12-140 is not intended to be a relaxation in any respect of section 90 of the Liquor Act (RCW 66.28.010). As a word of caution to persons desiring to avail themselves of the opportunity to sell to retail licensees fixtures, equipment and supplies subject to the conditions and restrictions provided in section 90 of the act and the foregoing regulation, notice is hereby given that, if at any time such privilege is abused or experience proves that as a matter of policy it should be further curtailed or eliminated completely, the board will be free to impose added restrictions or to limit all manufacturers and distributors solely to the sale of liquor when dealing with retail licensees. WAC 314-12-140 shall not be considered as granting any vested right to any person, and persons who engage in the business of selling to retail licensees property or merchandise of any nature voluntarily assume the risk of being divested of that privilege and they will undertake such business subject to this understanding. The board also cautions that certain trade practices are prohibited by rulings issued under the Federal Alcohol Administration Act by the United States Bureau of Alcohol, Tobacco and Firearms, and WAC 314-12-140 is not intended to conflict with such rulings or other requirements of federal law or regulations.