Chapter 314-07 WAC
HOW TO APPLY FOR AND MAINTAIN A LIQUOR LICENSE

WAC
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WAC 314-07-005 What is the purpose of this chapter? RCW 66.24.010 states the board will only issue licenses and permits to applicants and locations that meet certain qualifications. The purpose of this chapter is to outline the qualifications and steps necessary to receive and maintain a liquor license or permit.

WAC 314-07-010 Definitions. Following are definitions for the purpose of this title. Other definitions are in WAC 314-01-005 and RCW 66.08.010.

(1) "Applicant" or "liquor license applicant" means any person or business entity who is considered by the board as a true party of interest in a liquor license or permit application, as outlined in WAC 314-07-035.

(2) "Building" means a stationary structure with floor to ceiling solid walls and a roof. A food truck is not a "building."

(3) "Business name" or "trade name" means the name of a licensed business as used by the licensee on signs, advertising, etc.

(4) "Financier" means any person or entity who has made or will make an investment in the licensed business of more than ten thousand dollars. A "financier" can be someone who provides money as a gift, someone who loans money to the business and expects to be paid back the amount of the loan without interest, or someone who invests money into the business expecting a percentage of the profits, but accepts the risk that there may not be a full return on the investment. These persons or entities shall submit appropriate investigation level "financier" financial documents.

(5) "Licensee" or "liquor licensee" means any person or entity that holds a liquor license or permit, or any person or entity who is a true party of interest in a liquor license or permit, as outlined in WAC 314-07-035.

(6) "Public institution" means a public college or university. (See WAC 314-07-020 regarding the liquor control board notifying public institutions of liquor license applications.)

WAC 314-07-015 General information about liquor licenses. (1) A person or entity must meet required qualifications to receive a liquor license, and must continue to meet the qualifications in order to maintain the license.

(2) A liquor license may be approved at a personal residence under the following conditions:

(a) The proposed licensed premises is either separate from or walled off from personal living quarters.

(b) The proposed licensed premises has its own entrance separate from the entrance to the personal living quarters.

(c) Any access from the proposed licensed premises into the personal living quarters is permanently secured.

(d) Any and all items related to the operation of the proposed licensed business are contained within the licensed premises. This includes, but is not limited to, liquor inventory, business records, computers, equipment and anything else needed for the operation of the licensed business.

(3) A liquor license applicant may not exercise any of the privileges of a liquor license until the board approves the license application (see WAC 314-07-055 regarding temporary licenses).

(4) In approving a liquor license, the board reserves the right to impose special conditions as to the involvement in the operations of the licensed business of any former licensees, their former employees, or any person who does not qualify for a liquor license.

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
Any person who is in receipt of, or "Gross sales" includes the entire persons to be qualified
All corporate officers (or persons with All managers (or persons with
All limited partners that have All general partners and
All members (or persons with All partners and spouses.
Sole proprietor and spouse.

(1) True parties of interest - For purposes of this title, "true party of interest" means:

<table>
<thead>
<tr>
<th>True party of interest</th>
<th>Persons to be qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietorship</td>
<td>Sole proprietor and spouse.</td>
</tr>
<tr>
<td>General partnership</td>
<td>All partners and spouses.</td>
</tr>
<tr>
<td>Limited partnership, limited liability partnership, or limited liability limited partnership</td>
<td>• All general partners and spouses; • All limited partners that have more than 10% interest in the partnership and their spouses.</td>
</tr>
<tr>
<td>Limited liability company</td>
<td>• All members (or persons with equivalent title) with more than 10% interest in the LLC and spouses. (Note: In order for the liquor control board to identify the persons to be qualified, we will need to know all parties that have an interest in the limited liability company or have a pending interest.) • All managers (or persons with equivalent title) and their spouses.</td>
</tr>
<tr>
<td>Privately held corporation</td>
<td>• All corporate officers (or persons with equivalent title) and their spouses. • All stockholders (or persons with equivalent title) and their spouses who hold more than 10% of the issued or outstanding stock. (Note: In order for the liquor control board to identify the persons to be qualified, we will need to know all parties who have been issued or will be issued corporate stock.)</td>
</tr>
<tr>
<td>Publicly held corporation</td>
<td>All corporate officers (or persons with equivalent title).</td>
</tr>
<tr>
<td>Multi-level ownership structures</td>
<td>The liquor control board will review each entity to determine which individuals are to qualify according to the guidelines in this rule.</td>
</tr>
<tr>
<td>Any entity</td>
<td>Any person who is in receipt of, or has the right to receive, more than ten percent of the gross or net sales from the licensed business during any full or partial calendar or fiscal year. For the purposes of this chapter: • &quot;Gross sales&quot; includes the entire gross receipts from all sales and services made in, upon, or from the licensed business.</td>
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WAC 314-07-035 What persons or entities have to qualify for a liquor license? Per RCW 66.24.010(1), a liquor license must be issued in the name(s) of the true party(ies) of interest.

[Statutory Authority: RCW 66.08.030 and 66.24.010. WSR 15-11-10 6, § 314-07-035.]

[Ch. 314-07 WAC p. 2] (5/31/17)
(2) For purposes of this section, "true party of interest" does not mean:

(a) A person or entity receiving reasonable payment for rent (as determined by the board) on a fixed or percentage basis under a bona fide lease or rental obligation, unless the lessor or property manager exercises control over or participates in the management of the business.

(b) A person who receives a bonus as an employee, if: The employee is on a fixed wage or salary and the bonus is not more than twenty-five percent of the employee's prebonus annual compensation; or the bonus is based on a written incentive/bonus program that is not out of the ordinary for the services rendered.

(c) A person or entity contracting with the applicant(s) to sell the property, unless the contract holder exercises control over or participates in the management of the licensed business.

(d) A person or entity receiving payment of franchise fees on a fixed or percentage basis under a bona fide franchise agreement, unless the person or entity receiving payment of franchise fees exercises control over or participates in the management of the licensed business.

(e) A 401K, IRA, or nonfamilial trust.

(3) Financiers - The board may conduct a financial investigation of financiers.

(4) Persons who exercise control of business - The board may conduct an investigation of any person or entity who exercises any control over the applicant's business operations.

In cases where there is an entity who is in control of the day-to-day business operation (other than the owner) because of an agreement between the owner and the operator, the operating party becomes a true party of interest. The operator must meet all the qualifications of any other true party of interest and if approved, must be the licensee. The owner may be required to be named on the license as a party of interest based on the terms of the agreement, but will not normally be required to meet all the qualifications of a true party of interest.

(5) The board reserves the right to investigate any person or entity in a liquor license application or current liquor license where hidden ownership or misrepresentation of fact is suspected.

(6) For purposes of this section, a person or entity who takes more than ten percent of the profits and/or exercises control over the licensed business in a given agreement may be named on the license as a party of interest per this rule. Examples of this are lease, operating plan, concession or any agreement between the owner and the operator, the management of the business.

WAC 314-07-040 What criminal history might prevent a liquor license applicant or licensee from receiving or keeping a liquor license? (1) When the board processes a criminal history check on a true party of interest, it uses a point system to determine if the person qualifies for a license. The board will not normally issue a liquor license to an applicant who has accumulated eight or more points as indicated below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Time period during which points will be assigned</th>
<th>Points assigned</th>
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</thead>
<tbody>
<tr>
<td>Felony conviction</td>
<td>Ten years</td>
<td>12 points</td>
</tr>
<tr>
<td>Gross misdemeanor conviction</td>
<td>Three years</td>
<td>5 points</td>
</tr>
<tr>
<td>Misdemeanor conviction</td>
<td>Three years</td>
<td>4 points</td>
</tr>
<tr>
<td>Currently under federal or state supervision for a felony conviction</td>
<td>n/a</td>
<td>8 points</td>
</tr>
<tr>
<td>Nondisclosure of any of the above</td>
<td>n/a</td>
<td>4 points each</td>
</tr>
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</table>

(2) If a case is pending for an alleged offense that would earn eight or more points, the board will hold the application for the disposition of the case. If the disposition is not settled within ninety days, the board may administratively close the application.

(3) The board will not normally issue a liquor license to any person who has demonstrated a pattern of disregard for laws and rules. A pattern or disregard for laws and rules is inclusive of violation history outside of the liquor and cannabis board, to include other regulatory agencies and other states.

(4) Current liquor licensees are required to notify the board within thirty days of any arrests or criminal convictions. Failure to do so may result in revocation of the liquor license.

WAC 314-07-045 What liquor law or rule violation history might prevent an applicant from receiving a liquor license? (1) The board will conduct an investigation of all applicants’ liquor law or rule administrative violation history. The board will not normally issue a liquor license to a person, or to an entity with a true party of interest, who has the following administrative violation notice history.

<table>
<thead>
<tr>
<th>Violation Type (see WAC 314-29-020 through 314-29-035)</th>
<th>Period of Consideration</th>
</tr>
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<tbody>
<tr>
<td>• Three or more public safety violations;</td>
<td>• Violations issued within two years of the date the</td>
</tr>
</tbody>
</table>
Violation Type (see WAC 314-29-020 through 314-29-035) | Period of Consideration
--- | ---
• Four or more conduct violations; or • Violations issued within the last two years the true party(ies) of interest were licensed. | application is received by the board's licensing and regulation division.

(2) The board will not normally issue a liquor license to a person who has demonstrated a pattern of disregard for laws or rules including, but not limited to, written and/or verbal warnings.

WAC 314-07-055 Temporary retail license. Applicants may request a temporary retail liquor license in addition to an annual license for the same business. If granted, the temporary license allows the applicant to operate for a period of up to one hundred twenty days while the annual license application is being processed.

| Type of Application | Qualification and process to receive a temporary retail license |
--- | ---
(1) New business, existing licensed business, or new license type: • Applicant is applying for a license at a business location that does not hold a current, valid liquor license. • Applicant is applying for the same license privilege at a location that has a valid license that has not expired. | In order to receive a temporary license, the applicant(s) must: • Complete licensing requirements as determined by the board. • The local authority and any churches, schools, or public colleges or universities within 500 feet of the proposed licensed business must have responded to the liquor control board's notice of liquor license application, or the time period must have passed. See WAC 314-07-020, subsections (1), (2), and (3) for more information. • • Applicant is applying for a license or a business that has an existing license at the location, but the applicant is • When the annual liquor license is issued, the fee will be pro-rated back to the date of issuance of the temporary license. |

(2) For the purposes of this section, "retail liquor license" shall include all classes of liquor licenses that allow the holder to sell liquor directly to the public.

(3) The privilege of having a temporary license issued upon an application for license does not apply to breweries, wineries, or distilleries.

(4) A temporary license under subsection (1) of this section may be issued for a distributor license applicant.

WAC 314-07-060 Reasons for denial or revocation of a temporary license. Following is a list of reasons a temporary permit may not be issued or can be revoked. Per RCW 66.24.010, the board has broad discretionary authority to approve or deny a liquor license or permit application. Refusal by the board to issue or extend a temporary license shall not entitle the applicant to request a hearing.

(1) An applicant who has received a temporary license and their application is later administratively closed, and they reapply for a liquor license at the same location.

(2) The local authority objects for any reason.

(3) The applicant affirmatively refuses to submit documents requested by the board to conduct the application investigation.

(4) The applicant accrues or is involved in an administrative violation committed while operating under a temporary license.

(5) The investigator is unable to determine the true party of interest.

(6) The applicant fails to meet the basic requirements of the license.

(7) An objection is received from a privately or publicly funded elementary or secondary school within five hundred feet of the proposed location.

(8) Violation history of the applicant is found to be sufficient to raise the application to threshold decision.

(9) Upon denial of the permanent license, the temporary license will be immediately revoked.

WAC 314-07-065 Reasons the board may deny a liquor license application. Following is a list of reasons the board may deny a liquor license application. Per RCW 66.24.010, the board has broad discretionary authority to approve or deny a liquor license or permit application.
How to Apply for a Liquor License

314-07-085

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Type of application</th>
<th>Fee</th>
</tr>
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<tbody>
<tr>
<td>Change in the qualifying persons in a: Sole proprietorship, general partnership, limited partnership, or limited liability partnership.</td>
<td>New application</td>
<td>$75</td>
</tr>
<tr>
<td>Change in the qualifying persons for a publicly or privately held corporation. The board will waive the fee for a corporate change when the proposed change consists solely of dropping an approved officer.</td>
<td>Application for change in corporate officer and/or stockholder</td>
<td>$75</td>
</tr>
<tr>
<td>Change in the qualifying persons in a limited liability company.</td>
<td>Application for change of limited liability company member and/or manager</td>
<td>$75</td>
</tr>
</tbody>
</table>

(1) Failure to meet qualifications or requirements for the specific liquor license or privilege, as outlined in this Title 314 WAC and Title 66 RCW.

(2) Failure by any person or entity associated with the application to submit information or documentation requested by the board.

(3) Refusal by any person or entity associated with the application to submit information or documentation requested by the board.

(4) Misrepresentation of fact by any person or entity associated with the application.

(5) Failure to meet the criminal history standards outlined in WAC 314-07-040.

(6) Failure to meet the liquor law or rule violation history standards outlined in WAC 314-07-045.

(7) Source of funds used for the acquisition, startup and operation of the business is questionable or unverified.

(8) Objection from the local authority or from the public (see WAC 314-09-010 and RCW 66.24.010(9)).

(9) Objection from the following entities if they are within five hundred feet of the proposed business: A public school, a private school that meets the requirements of chapter 28A.195 RCW, a church, or a public college or university. See WAC 314-09-010 and RCW 66.24.010(9) for more information. Note: Per RCW 66.24.010(9), the board may not issue a new liquor license if the board receives objection from a public school within five hundred feet of the proposed licensed business.

(10) The board determines that the issuance of the liquor license will not be in the best interest of the welfare, health, or safety of the people of the state.


WAC 314-07-085 Change of location. (1) Changing your liquor license to a new location requires an application, per the process outlined in WAC 314-07-015(2).

(2) Type of change of location application:

Submit a change of location application and pay a $75 fee if:

- You are not changing the type of liquor license that you have at the current location;
- There is no change in any of the true parties of interest; and
- Your liquor license is current.

Submit a new liquor license application and pay the appropriate fee for the type of liquor license you are applying for if:

- You are changing the type of liquor license from what you have at the current location;
- There is a change in any of the true parties of interest; or
- Your liquor license is not current.

[Statutory Authority: RCW 66.08.030 and 66.24.010. WSR 10-10-126, § 314-07-085, filed 5/5/10, effective 4/4/05.]

WAC 314-07-080 Ownership changes. (1) Licensees must receive prior board approval before making any of the following ownership changes (see WAC 314-07-035 for the definition of "true party of interest"):

(5/31/17)
WAC 314-07-090 Change of business name. (1) If you wish to change the name of your business, you must apply for a change of trade name with the department of revenue, business license service.

(2) If you wish to amend your corporation or limited liability company name, you must apply for a change of name through the secretary of state.

(3) See chapter 434-12 WAC for guidelines for trade names.

WAC 314-07-095 Discontinue liquor sales. You must notify the board's enforcement and education division if you plan to stop liquor sales for more than thirty days, or if you plan to permanently discontinue liquor sales.

WAC 314-07-100 Death or incapacity of licensee. (1) The appointed guardian, executor, administrator, receiver, trustee, or assignee must notify the board's licensing and regulation division in the event of the death, incapacity, receivership, bankruptcy, or assignment for benefit of creditors of any licensee.

(2) Subject to a criminal background check, the board may give the appointed guardian, executor, administrator, receiver, trustee, or assignee written approval to continue liquor sales on the licensed business premises for the duration of the existing license and to renew the license when it expires.

(3) When the matter is resolved by the court, the true party(ies) of interest must apply for a liquor license for the business.

WAC 314-07-110 Are liquor license fees refundable? When a license is suspended, revoked, or canceled, or the licensed business is discontinued, the unused portion of the liquor license fee will not be refunded. There are two exceptions:

(1) Per RCW 66.24.420 (1)(b), a spirits, beer, and wine restaurant that is located in an unincorporated city or town may receive a refund of the unused portion of their license fees, calculated per calendar quarter.

(2) Per RCW 66.24.015, if a liquor license application is denied or is administratively closed by the board, the application fee will be refunded less a seventy-five dollar nonrefundable processing fee.

WAC 314-07-120 Board delegation of authority to approve liquor licenses. Per RCW 66.24.010(2), the board may delegate to designated staff members, in writing, the authority to approve unopposed or uncontested license applications.

WAC 314-07-121 Board delegation of authority to make initial threshold determinations. (1) The board may delegate to the licensing and regulation division director the authority to make initial threshold determinations on liquor license applications and renewals where:

(a) Objections have been submitted; or

(b) The applicant/licensee appears to be ineligible for a license due to failure to meet requirements under statute or rule. Failure to meet eligibility requirements includes data obtained through a criminal background check or criminal history record information (CHRI) report.

(2) Threshold determinations will be made in accordance with the provisions of RCW 66.24.010 as well as all other relevant sections of state law and Title 314 WAC. The licensing and regulation division director shall:

(a) Give substantial weight to objections from a local authority where objections are based on chronic illegal activity;

(b) Give due consideration to the location of a new liquor license application as it relates to the proximity to churches, schools, and public institutions as well as any considerations raised by the local authority.

(3) If the licensing and regulation director determines that the board will seek denial of a license application or non-renewal of an existing license, an aggrieved applicant/licensee may request an adjudicative hearing before an administrative law judge (see chapter 314-09 WAC).

(4) If the licensing and regulation director determines that the board will seek to approve a license or renewal over the objection of the local authority, the local authority may request an adjudicative hearing before an administrative law judge (see chapter 314-09 WAC). The licensing and regulation director will determine whether an adjudicative hearing will be granted to the local authority.

An adjudicative hearing will be granted where the objection is based on alleged conduct related to public safety within the jurisdiction of the board under Title 66 RCW.