



House Commerce & Gaming Committee

January 28, 2021

Washington State Liquor and Cannabis Board (WSLCB)

Chris Thompson, Legislative Relations Director

Becky Smith, Licensing and Regulation Director



Overview

- LCB response to COVID-19
- LCB efforts to assist liquor-licensed industry
- Licensing activity and counts
- LCB efforts to assist cannabis-licensed industry
- Enforcement and education action during COVID-19 restrictions
- 2020 revenue collections by industry
- Cannabis sales/revenue data for FY2020 and during COVID-19 restrictions
- Agency request legislation
- Allowances temporarily allowed to continue



COVID-19: LCB Response

- **Stay Home, Stay Healthy Directive – March 2020**
- Immediately formed **Incident Response Team** (Mgt. Team and Board Chair) -- met daily to make critical decisions
- **Communication**
 - Immediate established website as central source of COVID information
 - Used GovDelivery listserv to communicate directly
- **Enforcement**
 - Supported state's Emergency Operations Center
 - Established protocols for driving alone in vehicles
 - Suspended compliance checks with minors
- **Licensing**
 - Immediately expanded customer service desk
 - Set up a central email account and triaging system for initial onslaught of questions from licensees



COVID-19: LCB Response

- **LCB immediately assists regulated industries**
- **Licenses that sell alcohol hit hard**
 - Hospitality and leisure sector down 63 percent since March (Dept. of Commerce)
- **LCB Communication and Organization**
 - **Direct communication** with licensees (throughout year)
 - Immediately formed **Legal and Policy Team**
 - Board chair, agency leadership, key staff
 - Met daily to make immediate allowances for industries
 - Priority was prioritizing help for struggling industries
 - **Executive, Licensing, and Enforcement**
 - Met regularly with Governor's Office and trade organizations to ensure continued business operations
 - Currently working with 19 cities to find ways to allow outdoor seating and shared space
 - Met with Tacoma Mayor, Governors' Office, restaurants and trade groups to keep business during down months

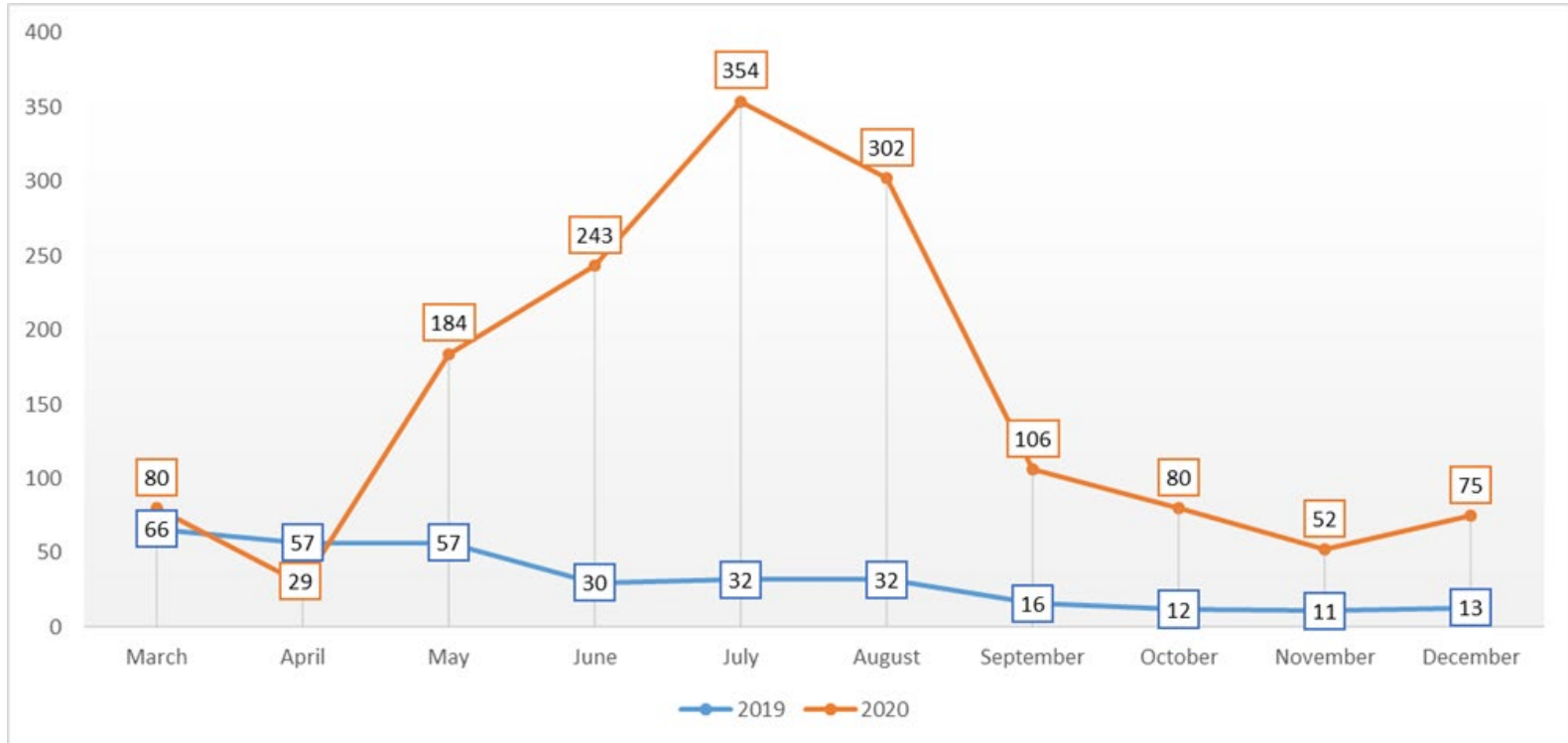


LCB Assisting Regulated Industries

- **Creative Allowances for Liquor Licensees** (Over 125 liquor issues)
 - **All licensees**
 - Emergency Board actions to allow late payments of taxes and fees without penalties and other rule changes
 - **Manufacturers of Alcohol**
 - Allowed manufacturers of alcohol to make sanitizer
 - **Distributors**
 - Temporarily allowed licensed distributors, and other industry members, to sell trucking and distribution services for non-liquor items to licensed retailers
 - Allowed distributors to accept returns of kegs and resell
 - Allowed distributors to collect spirits to sell to make hand sanitizer
 - **Restaurants**
 - Initially cocktail kits to go with sales of food
 - Then allowed bottles of spirits with sales of food
 - Then mixed cocktails to-go with sales of food
 - Allowed delivery services for beer and wine
 - Allowed bar seating for minors to create additional usable space
 - Sped up approval for outdoor alcohol service
 - **Nightclubs, Breweries, Wineries, Distilleries and Taverns**
 - Helped licensees that don't serve food quickly transition to a license that would allow them to stay open



Licensing Alteration Requests

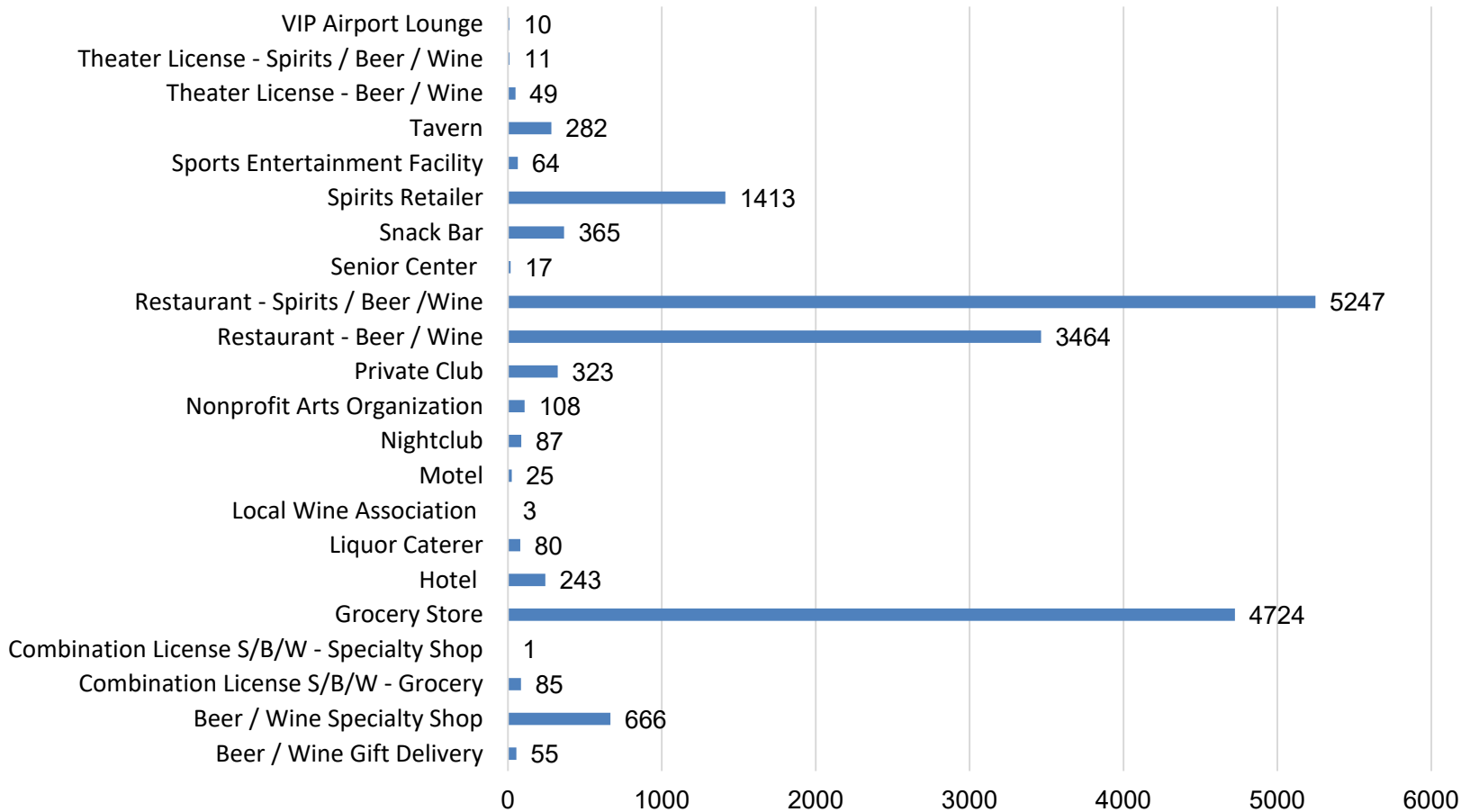


COVID-19 Impact

- Temporary allowances for outside service
- Collaboration with local cities and counties
- Reallocated resources to expedite requests

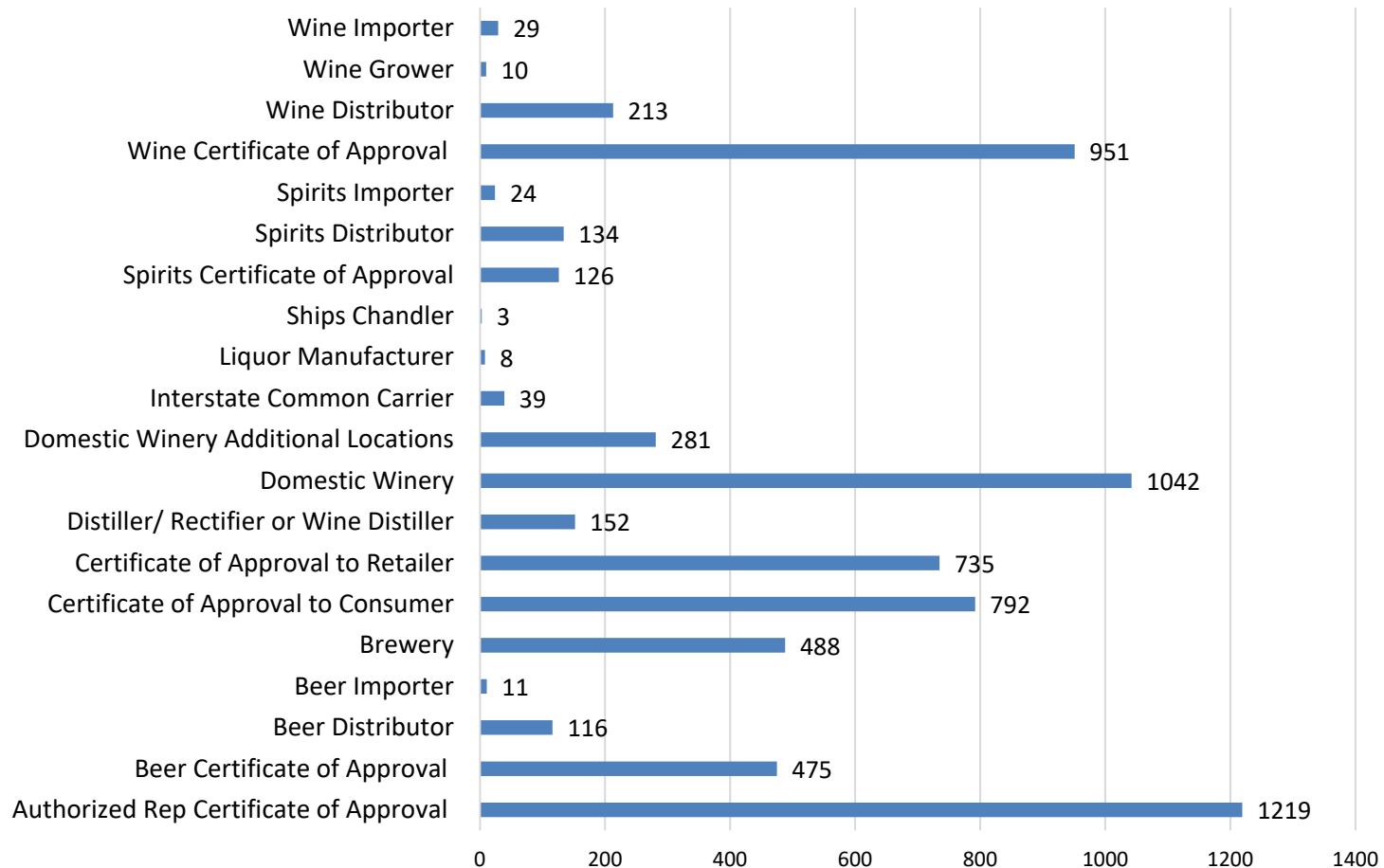


Retail Liquor License Count



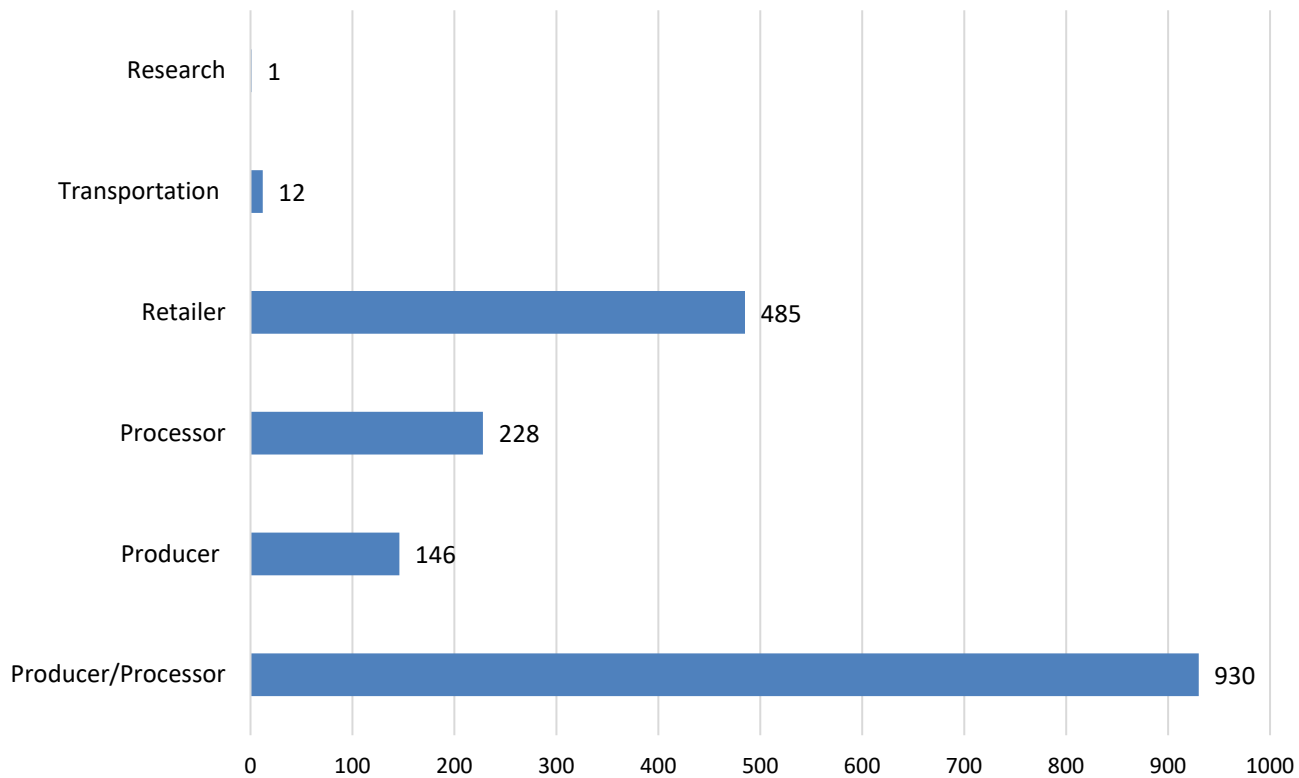


Non-Retail Liquor License Count





Cannabis License Count

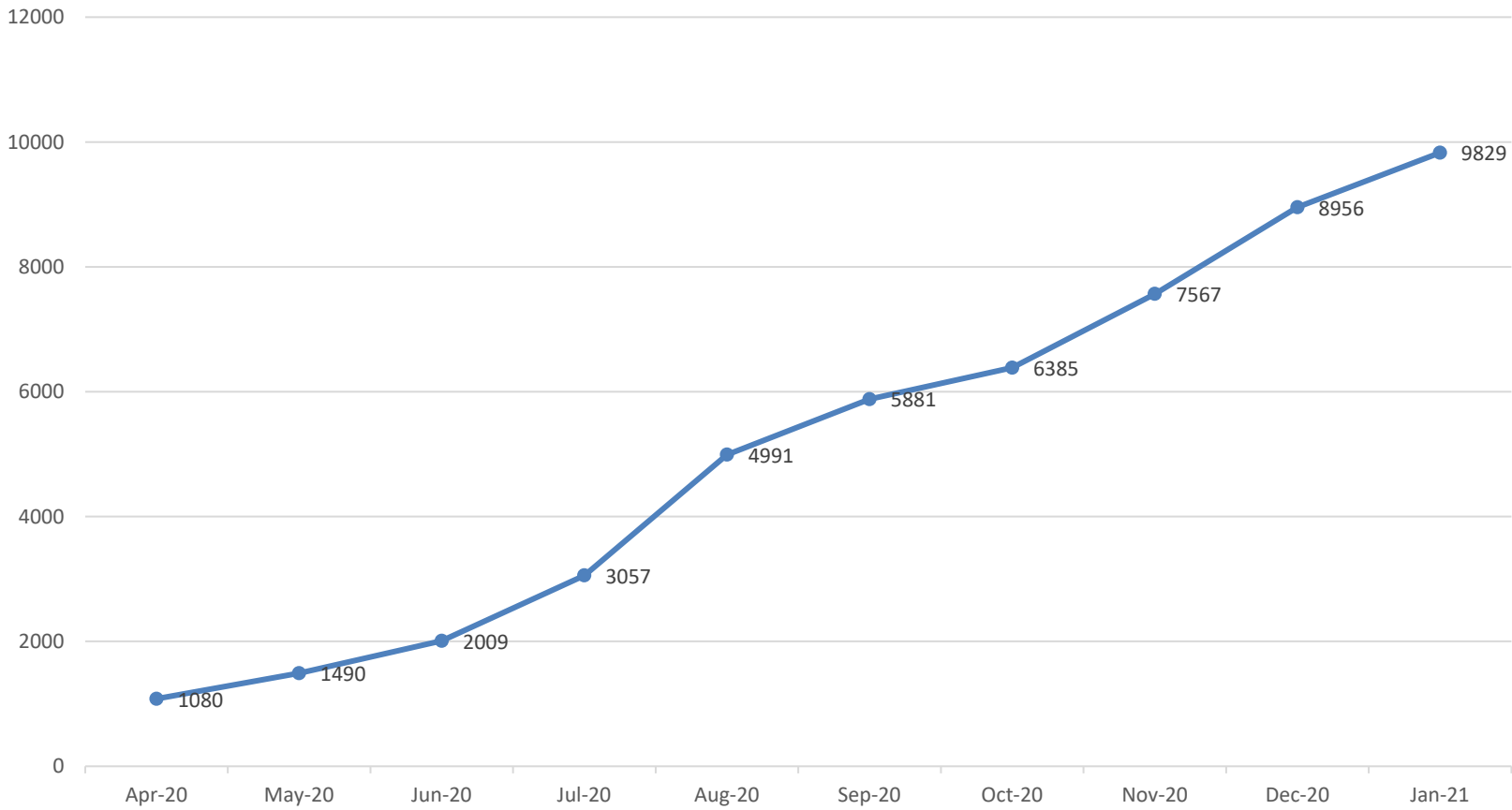




LCB Efforts to Assist Cannabis Industries

- **Cannabis Industry Remained Open**
 - Cannabis retailers were deemed as “essential” in part because they are only place to legally obtain cannabis
 - Cannabis producers/processors essential because they supply/support retailers
 - Unlike alcohol licensees, all remained open throughout
- **Allowances for Cannabis Industry**
 - Allowing youth under age 16 on producer farms (child care needs, often on remote farms)
 - Curbside service
 - Relaxed timelines related to maximum delivery times due to wildfires

Total Cumulative Complaints Received





COVID-19 Complaints and Enforcement Actions

Type of Complaint	Percentage
Employee Safety	1.54%
Large Gatherings	7.07%
Mask Enforcement	46.87%
Non-COVID	0.07%
On-premises Sales	15.02%
Open Non-Essential	9.43%
Social Distancing	19.42%
10pm Closure	0.56%
Total	100.00%

In addition to licensee education, LCB meets weekly with other agencies, including DOH, L&I, and the Governor’s Office to provide consistent interpretation and application of the Governor’s directives.

All Complaints	Number
Closed Substantiated	1870
Closed Unsubstantiated	7365
Closed, Education Provided	155
Open	439
Total	9829

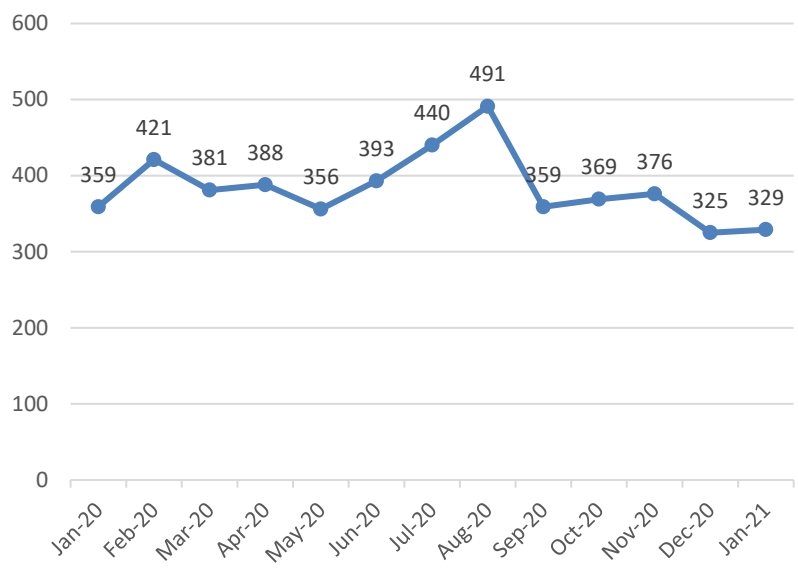
Corrective Actions	Number Issued
Notice To Correct	1
Verbal Warning	320
Written Warning	121
AVN	43
Total	485

Total Contacts	Total Hours
32090	6655



Educational Efforts

Educational hours

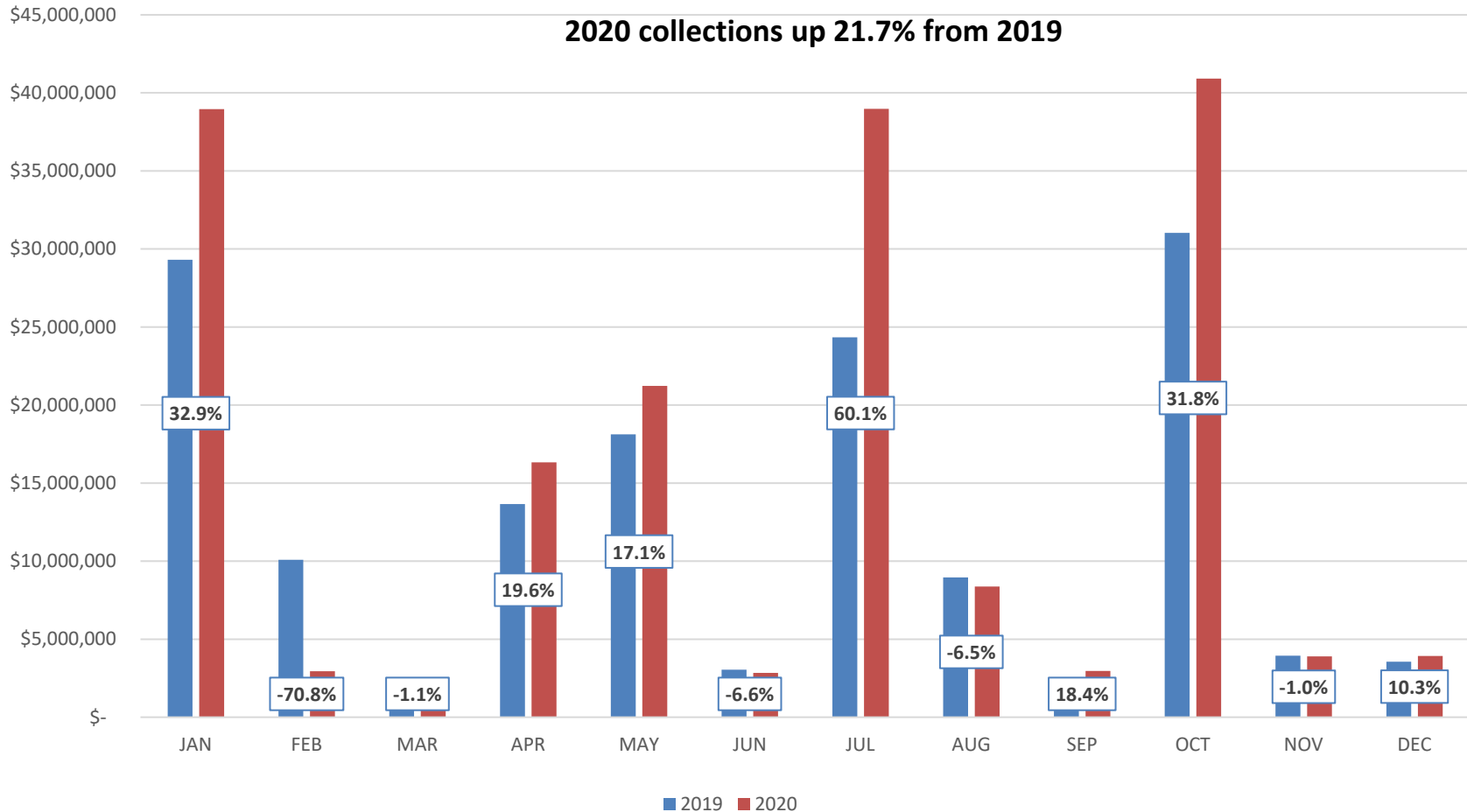


Top 5 Educational Events CY2020

Topic	Number of events
Covid-19	13366
Regulatory	4468
Youth access to Liquor	2295
Public Safety - Over service	1994
Regulatory education	831

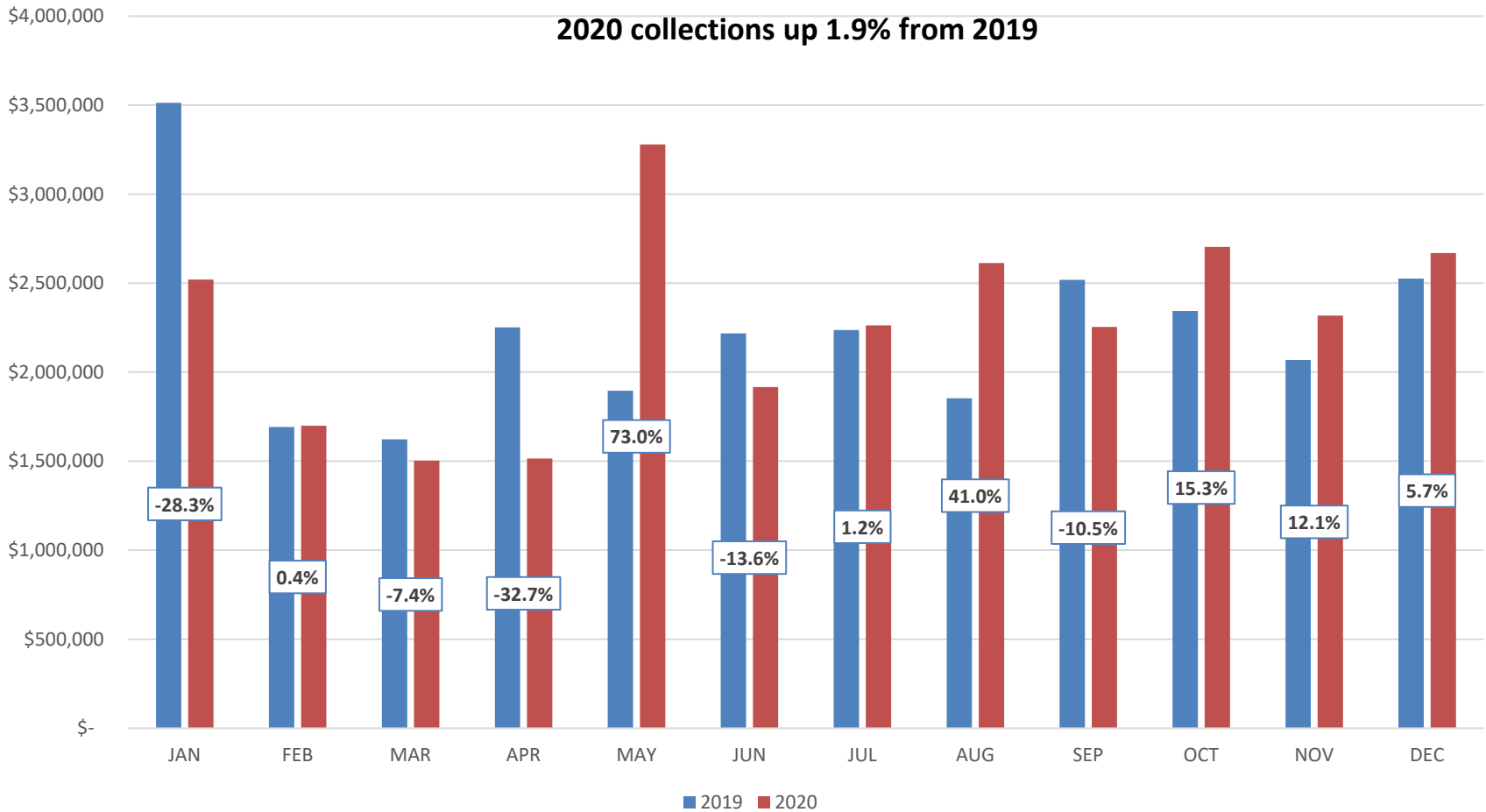


2020 Spirit Fee Collections by Month

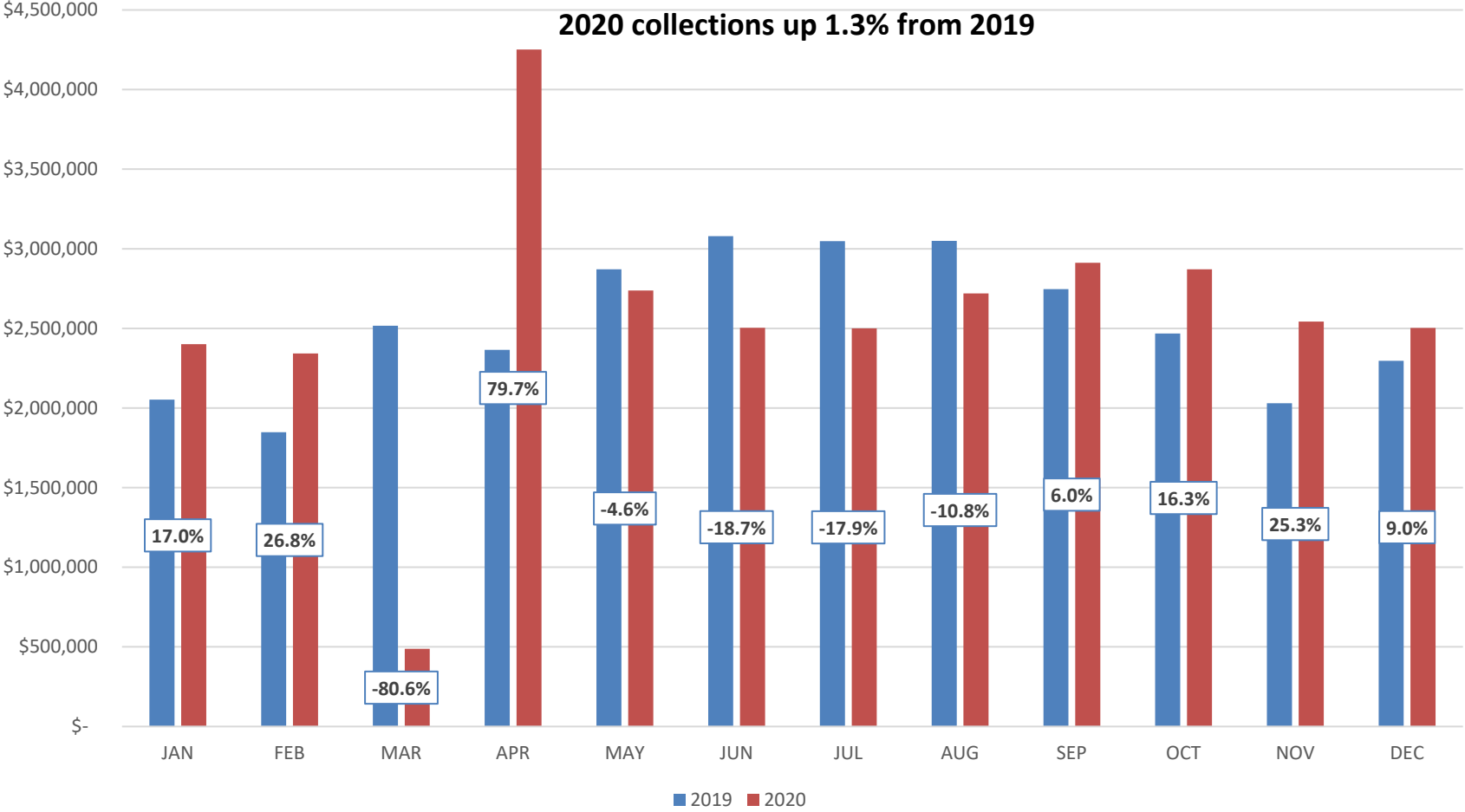




2020 Wine Tax Collections by Month

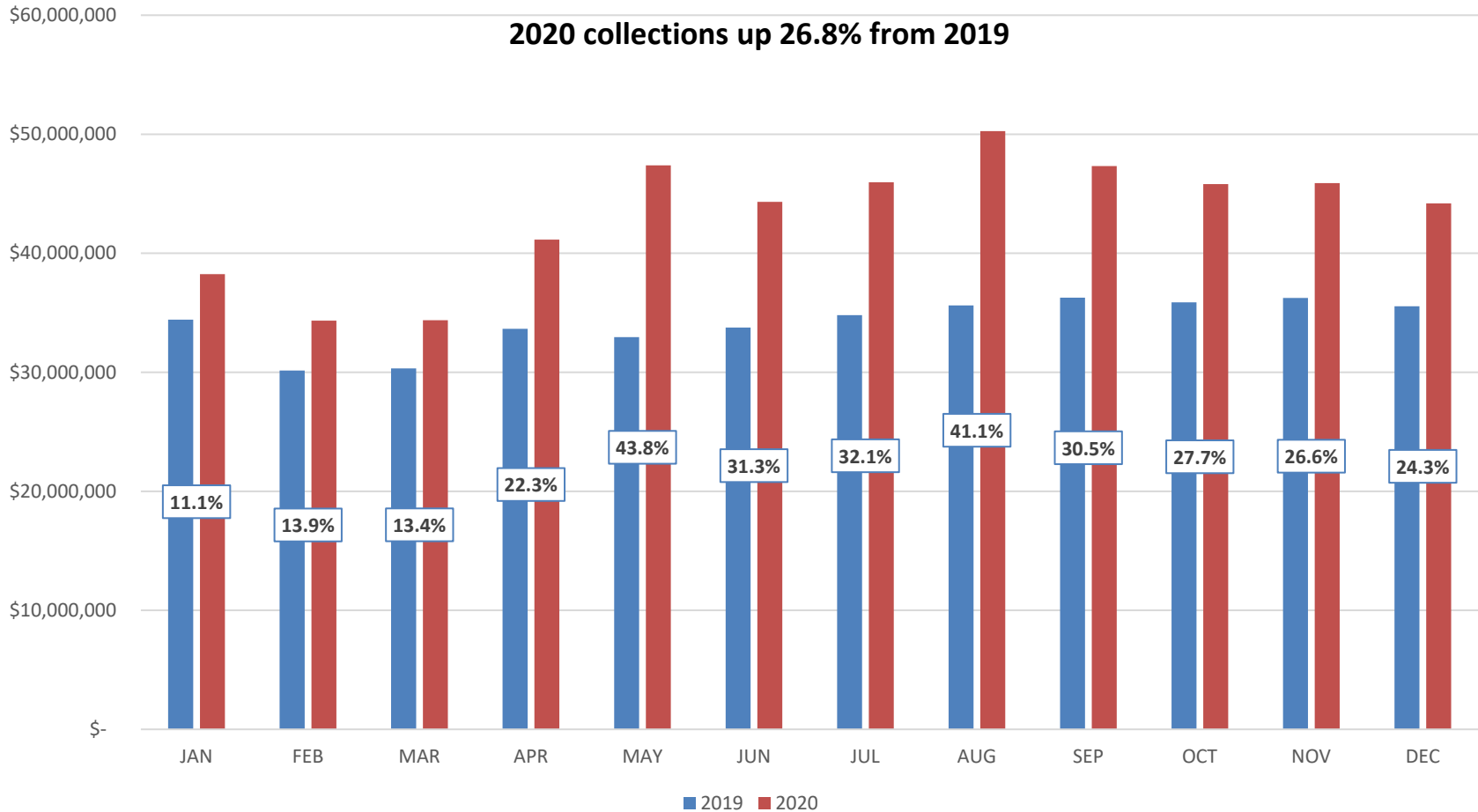


2020 Beer Tax Collections by Month





2020 Cannabis Tax Collections by Month





Agency Request Legislation

- Governor's office encouraged LCB to develop proposal
- Driven by economic hardship in regulated industries
- Focused on select allowances granted liquor licensees during pandemic
- Allowance extension is temporary – July 1, 2024 sunset
- Includes emergency clause to reflect urgent needs of licensees



Allowances Temporarily Extended

- Curbside, Takeout, Delivery service
 - Restaurants, taverns, manufacturers, snack bar, nonprofit arts, caterers
- Cocktails to go – Spirits, Beer, Wine Restaurants
 - Premixed cocktails, cocktail kits
- Prefilled growlers to go
- More flexible rules on outdoor service (restaurants, taverns, manufacturers, private clubs, snack bars)
- Removing food requirement for breweries, wineries sampling at farmers' markets
- Making food menu requirements more flexible for all licensees



Study of Impacts

- Independent study of impacts, results of allowances
 - Quantitative measures, such as sales, enforcement, health provider visits
 - Qualitative impacts, such as interviews of licensees, law enforcement, youth prevention specialists, etc.
- \$150,000 from liquor revolving fund
- Started by January, 2023; Final report due December 1, 2023



Questions?