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SENATE BILL 5364

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State of Washington

56th Legislature

1999 Regular Session

By Senators Prentice, Winsley and Shin; by request of Liquor Control Board

Read first time 01/21/1999. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to the administration and designation of liquor  
2 licenses; amending RCW 66.08.220, 66.12.110, 66.24.185, 66.24.300,  
3 66.24.580, 66.28.220, 66.40.030, 66.40.130, 66.44.190, 66.44.340,  
4 66.44.350, and 68.50.107; and reenacting and amending RCW 66.08.180 and  
5 66.24.450.

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

7 **Sec. 1.** RCW 66.08.180 and 1997 c 451 s 3 and 1997 c 321 s 57 are  
8 each reenacted and amended to read as follows:

9 Except as provided in RCW 66.24.290(1), moneys in the liquor  
10 revolving fund shall be distributed by the board at least once every  
11 three months in accordance with RCW 66.08.190, 66.08.200 and 66.08.210:  
12 PROVIDED, That the board shall reserve from distribution such amount  
13 not exceeding five hundred thousand dollars as may be necessary for the  
14 proper administration of this title.

15 (1) All license fees, penalties and forfeitures derived under this  
16 act from ~~((class H)) spirits, beer, and wine restaurant; spirits, beer,~~  
17 and wine private club; and sports entertainment facility licenses or  
18 ~~((class H)) spirits, beer, and wine restaurant; spirits, beer, and wine~~

1 private club; and sports entertainment facility licensees shall every  
2 three months be disbursed by the board as follows:

3 (a) Three hundred thousand dollars per biennium, to the University  
4 of Washington for the forensic investigations council to conduct the  
5 state toxicological laboratory pursuant to RCW 68.50.107; and

6 (b) Of the remaining funds:

7 (i) 6.06 percent to the University of Washington and 4.04 percent  
8 to Washington State University for alcoholism and drug abuse research  
9 and for the dissemination of such research; and

10 (ii) 89.9 percent to the general fund to be used by the department  
11 of social and health services solely to carry out the purposes of RCW  
12 70.96A.050;

13 (2) The first fifty-five dollars per license fee provided in RCW  
14 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand  
15 dollars annually shall be disbursed every three months by the board to  
16 the general fund to be used for juvenile alcohol and drug prevention  
17 programs for kindergarten through third grade to be administered by the  
18 superintendent of public instruction;

19 (3) Twenty percent of the remaining total amount derived from  
20 license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.350, and  
21 66.24.360, shall be transferred to the general fund to be used by the  
22 department of social and health services solely to carry out the  
23 purposes of RCW 70.96A.050; and

24 (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210  
25 shall every three months be disbursed by the board to Washington State  
26 University solely for wine and wine grape research, extension programs  
27 related to wine and wine grape research, and resident instruction in  
28 both wine grape production and the processing aspects of the wine  
29 industry in accordance with RCW 28B.30.068. The director of financial  
30 management shall prescribe suitable accounting procedures to ensure  
31 that the funds transferred to the general fund to be used by the  
32 department of social and health services and appropriated are  
33 separately accounted for.

34 **Sec. 2.** RCW 66.08.220 and 1949 c 5 s 11 are each amended to read  
35 as follows:

36 The board shall set aside in a separate account in the liquor  
37 revolving fund an amount equal to ten percent of its gross sales of  
38 liquor to (~~class H~~) spirits, beer, and wine restaurant; spirits,

1 beer, and wine private club; and sports entertainment facility  
2 licensees collected from these licensees pursuant to the provisions of  
3 RCW 82.08.150, less the fifteen percent discount provided for in RCW  
4 66.24.440; and the moneys in said separate account shall be distributed  
5 in accordance with the provisions of RCW 66.08.190, 66.08.200 and  
6 66.08.210: PROVIDED, HOWEVER, That no election unit in which the sale  
7 of liquor under ((class-H)) spirits, beer, and wine restaurant;  
8 spirits, beer, and wine private club; and sports entertainment facility  
9 licenses is unlawful shall be entitled to share in the distribution of  
10 moneys from such separate account.

11 **Sec. 3.** RCW 66.12.110 and 1975-'76 2nd ex.s. c 20 s 1 are each  
12 amended to read as follows:

13 A person twenty-one years of age or over may bring into the state  
14 from without the United States, free of tax and markup, for his  
15 personal or household use such alcoholic beverages as have been  
16 declared and permitted to enter the United States duty free under  
17 federal law.

18 Such entry of alcoholic beverages in excess of that herein provided  
19 may be authorized by the board upon payment of an equivalent markup and  
20 tax as would be applicable to the purchase of the same or similar  
21 liquor at retail from a Washington state liquor store. The board shall  
22 adopt appropriate regulations pursuant to chapter 34.05 RCW for the  
23 purpose of carrying out the provisions of this section. The board may  
24 issue a ((class-H)) spirits, beer, and wine private club license to a  
25 charitable or nonprofit corporation of the state of Washington, the  
26 majority of the officers and directors of which are United States  
27 citizens and the minority of the officers and directors of which are  
28 citizens of the Dominion of Canada, and where the location of the  
29 premises for such ((class-H)) spirits, beer, and wine private club  
30 license is not more than ten miles south of the border between the  
31 United States and the province of British Columbia.

32 **Sec. 4.** RCW 66.24.185 and 1997 c 321 s 4 are each amended to read  
33 as follows:

34 (1) There shall be a license for bonded wine warehouses which shall  
35 authorize the storage of bottled wine only. Under this license a  
36 licensee may maintain a warehouse for the storage of wine off the  
37 premises of a winery.

1 (2) The board shall adopt similar qualifications for a bonded wine  
2 warehouse license as required for obtaining a domestic winery license  
3 as specified in RCW 66.24.010 and 66.24.170. A licensee must be a sole  
4 proprietor, a partnership, a limited liability company, or a  
5 corporation. One or more domestic wineries may operate as a  
6 partnership, corporation, business co-op, or agricultural co-op for the  
7 purposes of obtaining a bonded wine warehouse license.

8 (3) All bottled wine shipped to a bonded wine warehouse from a  
9 winery or another bonded wine warehouse shall remain under bond and no  
10 tax imposed under RCW 66.24.210 shall be due, unless the wine is  
11 removed from bond and shipped to a licensed Washington wine  
12 distributor. Wine may be removed from a bonded wine warehouse only for  
13 the purpose of being (a) exported from the state, (b) shipped to a  
14 licensed Washington wine distributor, or (c) returned to a winery or  
15 bonded wine warehouse.

16 (4) Warehousing of wine by any person other than (a) a licensed  
17 domestic winery or a bonded wine warehouse licensed under the  
18 provisions of this section, (b) a licensed Washington wine distributor,  
19 (c) a licensed Washington wine importer, (d) a wine certificate of  
20 approval holder (W7), or (e) the liquor control board, is prohibited.

21 (5) A license applicant shall hold a federal permit for a bonded  
22 wine cellar and may be required to post a continuing wine tax bond ((in  
23 the amount of five thousand dollars in a form prescribed)) of such an  
24 amount and in such a form as may be required by the board prior to the  
25 issuance of a bonded wine warehouse license. The fee for this license  
26 shall be one hundred dollars per annum.

27 (6) The board shall adopt rules requiring a bonded wine warehouse  
28 to be physically secure, zoned for the intended use and physically  
29 separated from any other use.

30 (7) Every licensee shall submit to the board a monthly report of  
31 movement of bottled wines to and from a bonded wine warehouse in a form  
32 prescribed by the board. The board may adopt other necessary  
33 procedures by which bonded wine warehouses are licensed and regulated.

34 **Sec. 5.** RCW 66.24.300 and 1995 c 232 s 5 are each amended to read  
35 as follows:

36 (1) The board may make refunds for all taxes paid on beer exported  
37 from the state for use outside the state.

1 (2) The board (~~((shall))~~) may require filing with the board of a bond  
2 to be approved by it, in such amount as the board may fix, securing the  
3 payment of the tax. If any licensee fails to pay the tax when due, the  
4 board may forthwith suspend or cancel his or her license until all  
5 taxes are paid.

6 **Sec. 6.** RCW 66.24.450 and 1998 c 126 s 9 and 1998 c 114 s 1 are  
7 each reenacted and amended to read as follows:

8 (1) No club shall be entitled to a spirits, beer, and wine private  
9 club license:

10 (a) Unless such private club has been in continuous operation for  
11 at least one year immediately prior to the date of its application for  
12 such license;

13 (b) Unless the private club premises be constructed and equipped,  
14 conducted, managed, and operated to the satisfaction of the board and  
15 in accordance with this title and the regulations made thereunder;

16 (c) Unless the board shall have determined pursuant to any  
17 regulations made by it with respect to private clubs, that such private  
18 club is a bona fide private club; it being the intent of this section  
19 that license shall not be granted to a club which is, or has been,  
20 primarily formed or activated to obtain a license to sell liquor, but  
21 solely to a bona fide private club, where the sale of liquor is  
22 incidental to the main purposes of the spirits, beer, and wine private  
23 club, as defined in RCW 66.04.010(7).

24 (2) The annual fee for a spirits, beer, and wine private club  
25 license, whether inside or outside of an incorporated city or town, is  
26 seven hundred twenty dollars per year.

27 (3) The board may issue an endorsement to the (~~((full-service))~~)  
28 spirits, beer, and wine private club license that allows up to forty  
29 nonclub, member-sponsored events using club liquor. Visitors and  
30 guests may attend these events only by invitation of the sponsoring  
31 member or members. These events may not be open to the general public.  
32 The fee for the endorsement shall be an annual fee of nine hundred  
33 dollars. Upon the board's request, the holder of the endorsement must  
34 provide the board or the board's designee with the following  
35 information at least seventy-two hours prior to the event: The date,  
36 time, and location of the event; the name of the sponsor of the event;  
37 and a brief description of the purpose of the event.

1       **Sec. 7.** RCW 66.24.580 and 1996 c 224 s 2 are each amended to read  
2 as follows:

3       (1) A public house license allows the licensee:

4       (a) To annually manufacture no less than two hundred fifty gallons  
5 and no more than two thousand four hundred barrels of beer on the  
6 licensed premises;

7       (b) To sell product, that is produced on the licensed premises, at  
8 retail on the licensed premises for consumption on the licensed  
9 premises;

10       (c) To sell beer or wine not of its own manufacture for consumption  
11 on the licensed premises if the beer or wine has been purchased from a  
12 licensed beer or wine wholesaler;

13       (d) To hold other classes of retail licenses at other locations  
14 without being considered in violation of RCW 66.28.010;

15       (e) To apply for and, if qualified and upon the payment of the  
16 appropriate fee, be licensed as a (~~class H~~) spirits, beer, and wine  
17 restaurant to do business at the same location. This fee is in  
18 addition to the fee charged for the basic public house license.

19       (2) While the holder of a public house license is not to be  
20 considered in violation of the prohibitions of ownership or interest in  
21 a retail license in RCW 66.28.010, the remainder of RCW 66.28.010  
22 applies to such licensees.

23       (3) A public house licensee must pay all applicable taxes on  
24 production as are required by law, and all appropriate taxes must be  
25 paid for any product sold at retail on the licensed premises.

26       (4) The employees of the licensee must comply with the provisions  
27 of mandatory server training in RCW 66.20.300 through 66.20.350.

28       (5) The holder of a public house license may not hold a  
29 wholesaler's or importer's license, act as the agent of another  
30 manufacturer, wholesaler, or importer, or hold a brewery or winery  
31 license.

32       (6) The annual license fee for a public house is one thousand  
33 dollars.

34       (7) The holder of a public house license may hold other licenses at  
35 other locations if the locations are approved by the board.

36       (8) Existing holders of annual retail liquor licenses may apply for  
37 and, if qualified, be granted a public house license at one or more of  
38 their existing liquor licensed locations without discontinuing business  
39 during the application or construction stages.

1       **Sec. 8.** RCW 66.28.220 and 1993 c 21 s 3 are each amended to read  
2 as follows:

3       The board shall adopt rules requiring retail licensees to affix  
4 appropriate identification on all containers of four gallons or more of  
5 malt liquor for the purpose of tracing the purchasers of such  
6 containers. The rules may provide for identification to be done on a  
7 state-wide basis or on the basis of smaller geographical areas.

8       The board shall develop and make available forms for the  
9 declaration and receipt required by RCW 66.28.200. The board may  
10 charge ((~~class E~~)) grocery store licensees for the costs of providing  
11 the forms and that money collected for the forms shall be deposited  
12 into the liquor revolving fund for use by the board, without further  
13 appropriation, to continue to administer the cost of the keg  
14 registration program.

15       It is unlawful for any person to sell or offer for sale kegs or  
16 other containers containing four gallons or more of malt liquor to  
17 consumers who are not licensed under chapter 66.24 RCW if the kegs or  
18 containers are not identified in compliance with rules adopted by the  
19 board.

20       **Sec. 9.** RCW 66.40.030 and 1994 c 55 s 1 are each amended to read  
21 as follows:

22       Within any unit referred to in RCW 66.40.010, there may be held a  
23 separate election upon the question of whether the sale of liquor under  
24 ((~~class H~~)) spirits, beer, and wine restaurant; spirits, beer, and wine  
25 private club; and sports entertainment facility licenses, shall be  
26 permitted within such unit. The conditions and procedure for holding  
27 such election shall be those prescribed by RCW 66.40.020, 66.40.040,  
28 66.40.100, 66.40.110 and 66.40.120. Whenever a majority of qualified  
29 voters voting upon said question in any such unit shall have voted  
30 "against the sale of liquor under ((~~class H~~)) spirits, beer, and wine  
31 restaurant; spirits, beer, and wine private club; and sports  
32 entertainment facility licenses", the county auditor shall file with  
33 the liquor control board a certificate showing the result of the  
34 canvass at such election; and after ninety days from and after the date  
35 of the canvass, it shall not be lawful for licensees to maintain and  
36 operate premises within the election unit licensed under ((~~class H~~))  
37 spirits, beer, and wine restaurant; spirits, beer, and wine private  
38 club; and sports entertainment facility licenses. The addition after

1 an election under this section of new territory to a city, town, or  
2 county, by annexation, disincorporation, or otherwise, shall not extend  
3 the prohibition against the sale of liquor under (~~class H~~) spirits,  
4 beer, and wine restaurant; spirits, beer, and wine private club; and  
5 sports entertainment facility licenses to the new territory. Elections  
6 held under RCW 66.40.010, 66.40.020, 66.40.040, 66.40.100, 66.40.110,  
7 66.40.120 and 66.40.140, shall be limited to the question of whether  
8 the sale of liquor by means other than under (~~class H~~) spirits, beer,  
9 and wine restaurant; spirits, beer, and wine private club; and sports  
10 entertainment facility licenses shall be permitted within such election  
11 unit.

12 **Sec. 10.** RCW 66.40.130 and 1949 c 5 s 13 are each amended to read  
13 as follows:

14 Ninety days after December 2, 1948, (~~class H~~) spirits, beer, and  
15 wine restaurant; spirits, beer, and wine private club; and sports  
16 entertainment facility licenses may be issued in any election unit in  
17 which the sale of liquor is then lawful. No (~~class H~~) spirits, beer,  
18 and wine restaurant; spirits, beer, and wine private club; and sports  
19 entertainment facility license shall be issued in any election unit in  
20 which the sale of liquor is forbidden as the result of an election held  
21 under RCW 66.40.010, 66.40.020, 66.40.040, 66.40.100, 66.40.110,  
22 66.40.120 and 66.40.140, unless a majority of the qualified electors in  
23 such election unit voting upon this initiative at the general election  
24 in November, 1948, vote in favor of this initiative, or unless at a  
25 subsequent general election in which the question of whether the sale  
26 of liquor under (~~class H~~) spirits, beer, and wine restaurant;  
27 spirits, beer, and wine private club; and sports entertainment facility  
28 licenses shall be permitted within such unit is submitted to the  
29 electorate, as provided in RCW 66.40.030, a majority of the qualified  
30 electors voting upon such question vote "for the sale of liquor under  
31 (~~class H~~) spirits, beer, and wine restaurant; spirits, beer, and wine  
32 private club; and sports entertainment facility licenses."

33 **Sec. 11.** RCW 66.44.190 and 1997 c 321 s 62 are each amended to  
34 read as follows:

35 Except at the faculty center as so designated by the university  
36 board of regents to the Washington state liquor control board who may  
37 issue a (~~class H~~) spirits, beer, and wine private club license



1 therefor, it shall be unlawful to sell any intoxicating liquors, with  
2 or without a license on the grounds of the University of Washington,  
3 otherwise known and described as follows: Fractional section 16,  
4 township 25 north, range 4 east of Willamette Meridian except to the  
5 extent allowed under banquet permits issued pursuant to RCW 66.24.481.

6 **Sec. 12.** RCW 66.44.340 and 1986 c 5 s 1 are each amended to read  
7 as follows:

8 Employers holding ((class E and/or F)) grocery store or beer and/or  
9 wine specialty shop licenses exclusively are permitted to allow their  
10 employees, between the ages of eighteen and twenty-one years, to sell,  
11 stock, and handle beer or wine in, on or about any establishment  
12 holding a ((class E and/or class F)) grocery store or beer and/or wine  
13 specialty shop license exclusively: PROVIDED, That there is an adult  
14 twenty-one years of age or older on duty supervising the sale of liquor  
15 at the licensed premises: PROVIDED, That minor employees may make  
16 deliveries of beer and/or wine purchased from licensees holding ((class  
17 E and/or class F)) grocery store or beer and/or wine specialty shop  
18 licenses exclusively, when delivery is made to cars of customers  
19 adjacent to such licensed premises but only, however, when the minor  
20 employee is accompanied by the purchaser.

21 **Sec. 13.** RCW 66.44.350 and 1988 c 160 s 1 are each amended to read  
22 as follows:

23 Notwithstanding provisions of RCW 66.44.310, employees ((of class  
24 A, C, D and/or H)) holding beer and/or wine restaurant; beer and/or  
25 wine private club; snack bar; spirits, beer, and wine restaurant;  
26 spirits, beer, and wine private club; and sports entertainment facility  
27 licenses who are licensees eighteen years of age and over may take  
28 orders for, serve and sell liquor in any part of the licensed premises  
29 except cocktail lounges, bars, or other areas classified by the  
30 Washington state liquor control board as off-limits to persons under  
31 twenty-one years of age: PROVIDED, That such employees may enter such  
32 restricted areas to perform work assignments including picking up  
33 liquor for service in other parts of the licensed premises, performing  
34 clean up work, setting up and arranging tables, delivering supplies,  
35 delivering messages, serving food, and seating patrons: PROVIDED  
36 FURTHER, That such employees shall remain in the areas off-limits to  
37 minors no longer than is necessary to carry out their aforementioned

1 duties: PROVIDED FURTHER, That such employees shall not be permitted  
2 to perform activities or functions of a bartender.

3 **Sec. 14.** RCW 68.50.107 and 1995 c 398 s 10 are each amended to  
4 read as follows:

5 There shall be established in conjunction with the University of  
6 Washington Medical School and under the authority of the state forensic  
7 investigations council a state toxicological laboratory under the  
8 direction of the state toxicologist whose duty it will be to perform  
9 all necessary toxicologic procedures requested by all coroners, medical  
10 examiners, and prosecuting attorneys. The state forensic  
11 investigations council shall appoint a toxicologist as state  
12 toxicologist. The laboratory shall be funded by disbursement from the  
13 ~~((class H))~~ spirits, beer, and wine restaurant; spirits, beer, and wine  
14 private club; and sports entertainment facility license fees as  
15 provided in RCW 66.08.180 and by appropriation from the death  
16 investigations account as provided in RCW 43.79.445.

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