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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4818.7/02 7th draft

ATTY/TYPIST: JM:rmh

BRIEF DESCRIPTION:

2 **HB 2950** - H AMD  
3 By Representative Grant

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5 Strike everything after the enacting clause and insert the  
6 following:

7 "NEW SECTION. **Sec. 1.** A new section is added to chapter 66.08 RCW  
8 to read as follows:

9 (1) The legislature recognizes that Washington state has had  
10 monopoly control over the distribution and sale of beverage alcohol  
11 since the passage of the Washington state liquor control act in 1934.  
12 Although there have been no significant revisions to the act since  
13 1934, numerous governors and legislatures have expressed strong  
14 interest regarding the need for change within Washington's liquor  
15 control system. During this time, several studies have been conducted  
16 which have generally concluded that, while the liquor control board  
17 adequately serves the public interest by preventing misuse of alcohol  
18 through education, enforcement, and controlled distribution, strategies  
19 to improve liquor sales operations and customer convenience have been  
20 developed but not implemented.

21 (2) It is the intent of the legislature to increase distributions  
22 from the liquor revolving account by twenty percent through a variety  
23 of improvements to the liquor control board's retail sales operations.  
24 To that end, the liquor control board is directed to immediately devise  
25 and implement strategies to improve retail sales operations. Such  
26 strategies shall include but not be limited to:

27 (a) Immediately extending hours of retail sales operations to  
28 include Sunday sales in all state stores and authorize the same for all  
29 agency stores;

30 (b) In-store merchandising;

31 (c) Merchandising of premium brands and gift packs;

32 (d) Sales of accessories and product related items; and

33 (e) Merchandising displays.

34 **Sec. 2.** RCW 66.08.030 and 1977 ex.s. c 115 s 1 are each amended to  
35 read as follows:

1 (1) For the purpose of carrying into effect the provisions of this  
2 title according to their true intent or of supplying any deficiency  
3 therein, the board may make such (~~(regulations)~~) rules not inconsistent  
4 with the spirit of this title as are (~~(deemed)~~) necessary or advisable.  
5 All (~~(regulations so made)~~) rules shall be a public record and shall be  
6 filed in the office of the code reviser, and (~~(thereupon)~~) shall have  
7 the same force and effect as if incorporated in this title. (~~(Such~~  
8 ~~regulations)~~) These rules, together with a copy of this title, shall be  
9 published in pamphlets and shall be distributed as directed by the  
10 board.

11 (2) Without (~~(thereby)~~) limiting the generality of the provisions  
12 contained in subsection (1) of this section, it is declared that the  
13 power of the board to make (~~(regulations)~~) rules in the manner set out  
14 in that subsection shall extend to:

15 (a) Regulating the equipment and management of stores and  
16 warehouses in which state liquor is sold or kept, and prescribing the  
17 books and records to be kept therein and the reports to be made thereon  
18 to the board;

19 (b) Prescribing the duties of the employees of the board, and  
20 regulating their conduct in the discharge of their duties;

21 (c) Governing the purchase of liquor by the state and the  
22 furnishing of liquor to stores established under this title;

23 (d) Determining the classes, varieties, and brands of liquor to be  
24 kept for sale at any store;

25 (e) Prescribing(~~(, subject to RCW 66.16.080,)~~) the hours during  
26 which the state liquor stores shall be kept open for the sale of  
27 liquor;

28 (f) Providing for the issuing and distributing of price lists  
29 showing the price to be paid by purchasers for each variety of liquor  
30 kept for sale under this title;

31 (g) Prescribing an official seal and official labels and stamps and  
32 determining the manner in which they shall be attached to every package  
33 of liquor sold or sealed under this title, including the prescribing of  
34 different official seals or different official labels for different  
35 classes of liquor;

36 (h) Providing for the payment by the board in whole or in part of  
37 the carrying charges on liquor shipped by freight or express;

1 (i) Prescribing forms to be used for purposes of this title or the  
2 ~~((regulations))~~ rules, and the terms and conditions to be contained in  
3 permits and licenses issued under this title;

4 (j) Prescribing the fees payable in respect of permits and licenses  
5 issued under this title for which no fees are prescribed in this title,  
6 and prescribing the fees for anything done or permitted to be done  
7 under the ~~((regulations))~~ rules;

8 (k) Prescribing the kinds and quantities of liquor which may be  
9 kept on hand by the holder of a special permit for the purposes named  
10 in the permit, regulating the manner in which the same shall be kept  
11 and disposed of, and providing for the inspection of the same at any  
12 time at the instance of the board;

13 (l) Regulating the sale of liquor kept by the holders of licenses  
14 which entitle the holder to purchase and keep liquor for sale;

15 (m) Prescribing the records of purchases or sales of liquor kept by  
16 the holders of licenses, and the reports to be made thereon to the  
17 board, and providing for inspection of the records so kept;

18 (n) Prescribing the kinds and quantities of liquor for which a  
19 prescription may be given, and the number of prescriptions which may be  
20 given to the same patient within a stated period;

21 (o) Prescribing the manner of giving and serving notices required  
22 by this title or the ~~((regulations))~~ rules, where not otherwise  
23 provided for in this title;

24 (p) Regulating premises in which liquor is kept for export from the  
25 state, or from which liquor is exported, prescribing the books and  
26 records to be kept therein and the reports to be made thereon to the  
27 board, and providing for the inspection of the premises and the books,  
28 records and the liquor so kept;

29 (q) Prescribing the conditions and qualifications requisite for the  
30 obtaining of club licenses and the books and records to be kept and the  
31 returns to be made by clubs, prescribing the manner of licensing clubs  
32 in any municipality or other locality, and providing for the inspection  
33 of clubs;

34 (r) Prescribing the conditions, accommodations, and qualifications  
35 requisite for the obtaining of licenses to sell beer and wines, and  
36 regulating the sale of beer and wines ~~((thereunder))~~;

37 (s) Specifying and regulating the time and periods when, and the  
38 manner, methods, and means by which manufacturers shall deliver liquor  
39 within the state; and the time and periods when, and the manner,

1 methods, and means by which liquor may lawfully be conveyed or carried  
2 within the state;

3 (t) Providing for the making of returns by brewers of their sales  
4 of beer shipped within the state, or from the state, showing the gross  
5 amount of ((such)) the sales and providing for the inspection of  
6 brewers' books and records, and for the checking of the accuracy of any  
7 ((such)) returns;

8 (u) Providing for the making of returns by the wholesalers of beer  
9 whose breweries are located beyond the boundaries of the state;

10 (v) Providing for the making of returns by any other liquor  
11 manufacturers, showing the gross amount of liquor produced or  
12 purchased, the amount sold within and exported from the state, and to  
13 whom so sold or exported, and providing for the inspection of the  
14 premises of any ((such)) liquor manufacturers, their books and records,  
15 and for the checking of any ((such)) return;

16 (w) Providing for the giving of fidelity bonds by any or all of the  
17 employees of the board(~~(:—PROVIDED, That)~~). However, the premiums  
18 ((therefor)) shall be paid by the board;

19 (x) Providing for the shipment by mail or common carrier of liquor  
20 to any person holding a permit and residing in any unit which has, by  
21 election pursuant to this title, prohibited the sale of liquor therein;

22 (y) Prescribing methods of manufacture, conditions of sanitation,  
23 standards of ingredients, quality and identity of alcoholic beverages  
24 manufactured, sold, bottled, or handled by licensees and the board; and  
25 conducting from time to time, in the interest of the public health and  
26 general welfare, scientific studies and research relating to alcoholic  
27 beverages and the use and effect thereof; and

28 (z) Seizing, confiscating, and destroying all alcoholic beverages  
29 manufactured, sold, or offered for sale within this state which do not  
30 conform in all respects to the standards prescribed by this title or  
31 the ((regulations)) rules of the board(~~(:—PROVIDED, Nothing herein~~  
32 contained shall be construed as authorizing)). The liquor board ((to))  
33 may not prescribe, alter, limit, or in any way change the present law  
34 as to the quantity or percentage of alcohol used in the manufacturing  
35 of wine or other alcoholic beverages.

36 **Sec. 3.** RCW 66.08.190 and 2000 c 227 s 2 are each amended to read  
37 as follows:

1 (1) When excess funds are distributed, all moneys subject to  
2 distribution, except those provided under subsection (4) of this  
3 section, shall be disbursed as follows:

4 (a) Three-tenths of one percent to border areas under RCW  
5 66.08.195; and

6 (b) From the amount remaining after distribution under (a) of this  
7 subsection, fifty percent to the general fund of the state, ten percent  
8 to the counties of the state, and forty percent to the incorporated  
9 cities and towns of the state.

10 (2) During the months of July, October, January, and April of each  
11 year, prior to disbursing the distribution to incorporated cities and  
12 towns under subsection (1)(b) of this section, the treasurer shall  
13 deduct from that distribution an amount that, when combined with any  
14 cash balance in the city and town research services account, will fund  
15 that quarter's allotments under RCW 43.88.110 from any legislative  
16 appropriation from the city and town research services account. The  
17 treasurer shall deposit the amount deducted into the city and town  
18 research services account.

19 (3) The governor may notify and direct the state treasurer to  
20 withhold the revenues to which the counties and cities are entitled  
21 under this section if the counties or cities are found to be in  
22 noncompliance pursuant to RCW 36.70A.340.

23 (4) Any funds that exceed the amount that would have been expected  
24 otherwise for the quarter, based on the amount available for  
25 distribution in the same quarter of the year preceding the year in  
26 which this section becomes effective, increased by the applicable  
27 fiscal growth factor or factors as defined in RCW 43.135.025 and as  
28 forecast by the office of financial management in November of the  
29 preceding year, shall be transferred to the county public health  
30 account under RCW 70.05.125.

31 **Sec. 4.** RCW 70.05.125 and 1998 c 266 s 1 are each amended to read  
32 as follows:

33 (1) The county public health account is created in the state  
34 treasury. Funds deposited in the county public health account shall be  
35 distributed by the state treasurer to each local public health  
36 jurisdiction based upon amounts certified to it by the department of  
37 community, trade, and economic development in consultation with the  
38 Washington state association of counties. The account shall include

1 funds distributed under RCW (~~82.44.110~~) 66.08.190, 82.08.160, and  
2 82.14.200(8) and such funds as are appropriated to the account from the  
3 health services account under RCW 43.72.900, the public health services  
4 account under RCW 43.72.902, and such other funds as the legislature  
5 may appropriate to it.

6 (2)(a) The director of the department of community, trade, and  
7 economic development shall certify the amounts to be distributed to  
8 each local public health jurisdiction using 1995 as the base year of  
9 actual city contributions to local public health.

10 (b) Only if funds are available and in an amount no greater than  
11 available funds under RCW 82.14.200(8), the department of community,  
12 trade, and economic development shall adjust the amount certified under  
13 (a) of this subsection to compensate for any annexation of an area with  
14 fifty thousand residents or more to any city as a result of a petition  
15 during calendar year 1996 or 1997, or for any city that became newly  
16 incorporated as a result of an election during calendar year 1994 or  
17 1995. The amount to be adjusted shall be equal to the amount which  
18 otherwise would have been lost to the health jurisdiction due to the  
19 annexation or incorporation as calculated using the jurisdiction's 1995  
20 funding formula.

21 (c) The county treasurer shall certify the actual 1995 city  
22 contribution to the department. Funds in excess of the base shall be  
23 distributed proportionately among the health jurisdictions based on  
24 incorporated population figures as last determined by the office of  
25 financial management.

26 (3) Moneys distributed under this section shall be expended  
27 exclusively for local public health purposes.

28 **Sec. 5.** RCW 82.08.160 and 1982 1st ex.s. c 35 s 4 are each amended  
29 to read as follows:

30 (1) On or before the twenty-fifth day of each month, all taxes  
31 collected under RCW 82.08.150 during the preceding month shall be  
32 remitted to the state department of revenue, to be deposited with the  
33 state treasurer. Upon receipt of such moneys, except for those moneys  
34 provided in subsection (2) of this section, the state treasurer shall  
35 credit sixty-five percent of the sums collected and remitted under RCW  
36 82.08.150 (1) and (2) and one hundred percent of the sums collected and  
37 remitted under RCW 82.08.150 (3) and (4) to the state general fund and  
38 thirty-five percent of the sums collected and remitted under RCW

1 82.08.150 (1) and (2) to a fund which is hereby created to be known as  
2 the "liquor excise tax fund."

3 (2) Any moneys received by the state treasurer in excess of the  
4 amount that would have been expected otherwise for the month, based on  
5 the amount received in the same month of the year preceding the year in  
6 which this section becomes effective, increased by the applicable  
7 fiscal growth factor or factors as defined in RCW 43.135.025 and as  
8 forecast by the office of financial management in November of the  
9 preceding year, shall be transferred to the county public health  
10 account under RCW 70.05.125.

11 NEW SECTION. Sec. 6. A new section is added to chapter 82.14 RCW  
12 to read as follows:

13 (1) A county legislative authority in a county with a population of  
14 less than one million may submit an authorizing proposition to the  
15 county voters and, if the proposition is approved by a majority of  
16 persons voting, impose a sales and use tax in accordance with the terms  
17 of this chapter. The rate of tax under this subsection shall not  
18 exceed two-tenths of one percent of the selling price in the case of a  
19 sales tax, or value of the article used, in the case of a use tax.

20 (2) The tax authorized in this section shall be in addition to any  
21 other taxes authorized by law and shall be collected from those persons  
22 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
23 the occurrence of any taxable event within the county, except the tax  
24 shall not apply to the retail sale or the use of a motor vehicle, as  
25 defined in RCW 46.04.320.

26 (3) In a county with a population of four hundred thousand or more  
27 but less than one million, money received under this section shall be  
28 shared between the county and the cities under one of the following  
29 options:

30 (a)(i) Sixty percent shall be retained by the county, and (ii)  
31 forty percent shall be distributed to incorporated cities in the county  
32 under an interlocal agreement between the cities and the county that  
33 includes a formula that is determined by the cities in the county in  
34 consultation with the association of Washington cities; or

35 (b) An allocation determined by formula pursuant to an interlocal  
36 agreement between the county and a group of incorporated cities that  
37 represent at least fifty percent of the total incorporated population  
38 in the county.



1 (4) In a county with a population of less than four hundred  
2 thousand, money received under this section shall be shared between the  
3 county and the cities under one of the following options:

4 (a)(i) Seventy-five percent shall be retained by the county, and  
5 (ii) twenty-five percent shall be distributed to incorporated cities in  
6 the county under an interlocal agreement between the cities and the  
7 county that includes a formula that is determined by the cities in the  
8 county in consultation with the association of Washington cities; or

9 (b) An allocation determined by formula pursuant to an interlocal  
10 agreement between the county and a group of incorporated cities that  
11 represent at least fifty percent of the total population in the  
12 incorporated portion of the county.

13 **Sec. 7.** RCW 84.34.230 and 1995 c 318 s 8 are each amended to read  
14 as follows:

15 For the purpose of acquiring conservation futures (~~((as well as))~~)  
16 and other rights and interests in real property pursuant to RCW  
17 84.34.210 and 84.34.220, a county may levy an amount not to exceed  
18 (~~((six and one quarter))~~) ten cents per thousand dollars of assessed  
19 valuation against the assessed valuation of all taxable property within  
20 the county. The limitations in RCW 84.52.043 shall not apply to the  
21 tax levy authorized in this section. Any rights or interests in real  
22 property acquired under this section must be located within the  
23 assessing county.

24 **Sec. 8.** RCW 84.34.240 and 1971 ex.s. c 243 s 5 are each amended to  
25 read as follows:

26 Any (~~((board of))~~) county (~~((commissioners))~~) legislative authority may  
27 establish by resolution a special fund which may be termed a  
28 conservation futures fund to which it may credit all taxes levied  
29 pursuant to RCW 84.34.230. Amounts placed in this fund (~~((may))~~) must be  
30 used (~~((solely))~~) for the purpose of acquiring rights and interests in  
31 real property pursuant to the terms of RCW 84.34.210 and 84.34.220.  
32 Nothing in this section shall be construed as limiting in any manner  
33 methods and funds otherwise available to a county for financing the  
34 acquisition of such rights and interests in real property. Any rights  
35 or interests in real property acquired under this section must be  
36 located within the assessing county.

1        NEW SECTION.    **Sec. 9.**    A new section is added to chapter 82.46 RCW  
2 to read as follows:

3        (1) Subject to subsections (4) and (5) of this section, the  
4 legislative authority of any county may impose an additional excise tax  
5 on the purchase and sale of real property in the county at the rate of  
6 one-half of one percent of the selling price. The proceeds of the tax  
7 shall be used exclusively for the development of affordable housing  
8 including acquisition, building, rehabilitation, and maintenance and  
9 operation of housing for very low, low, and moderate income persons and  
10 those with special needs.

11        (2) Revenues generated from the tax imposed under this section  
12 shall be placed in an affordable housing account administered by the  
13 county. Disbursements from the account shall be made following a  
14 competitive grant and loan process. The county legislative authority  
15 shall determine a mechanism for receiving grant and loan applications,  
16 and criteria by which the applications shall be approved and funded.  
17 Eligible recipients of grants and loans from the account shall be  
18 private nonprofit, affordable housing providers, the housing authority  
19 for the county, or other housing programs conducted or funded by a  
20 public agency, or by a public agency in partnership with a private  
21 nonprofit entity.

22        (3) The taxes imposed under this section shall be imposed in the  
23 same manner and on the same occurrences, and are subject to the same  
24 conditions, as the taxes under chapter 82.45 RCW, except that the tax  
25 shall be the obligation of both the purchaser and the seller, as  
26 determined by the county legislative authority, with at least one-half  
27 of the obligation being that of the purchaser. The county may enforce  
28 the obligation through an action of debt against the purchaser or  
29 seller or may foreclose the lien on the property in the same manner  
30 prescribed for the foreclosure of mortgages. The imposition of the tax  
31 is effective thirty days after the election at which the tax is  
32 authorized.

33        (4)(a) No tax may be imposed under this section unless approved by  
34 a majority of the voters of the county voting, for a specified period  
35 and for a specified maximum rate. This vote must follow either:

36        (i) The adoption of a resolution by the county legislative  
37 authority proposing this action; or

38        (ii) The filing of a petition proposing this action with the county  
39 auditor, signed by county voters at least equal in number to ten

1 percent of the total number of voters in the county who voted in the  
2 preceding general election.

3 (b) The ballot proposition shall be submitted to the voters of the  
4 county at the next general election occurring at least sixty days after  
5 a petition is filed, or at any special election prior to this general  
6 election called for this purpose by the county legislative authority.

7 (5) No tax may be imposed under this section unless the county  
8 imposes a tax under RCW 82.46.070 at the maximum rate and the tax was  
9 imposed by January 1, 2003.

10 (6) A plan for the expenditure of the proceeds of the tax imposed  
11 by this section shall be prepared by the county legislative authority  
12 at least sixty days before the election if the proposal is initiated by  
13 resolution of the county legislative authority, or within six months  
14 after the tax has been authorized by the voters if the proposal is  
15 initiated by petition. Prior to the adoption of this plan, the elected  
16 officials of cities located within the county shall be consulted and at  
17 least one public hearing shall be held to obtain public comment. The  
18 proceeds of the tax shall be expended in conformance with this plan.

19 NEW SECTION. **Sec. 10.** A new section is added to Title 36 RCW to  
20 read as follows:

21 (1) Counties may create by resolution a transitional benefit  
22 district for the purpose of management, control, improvement, and  
23 maintenance of infrastructure and assets, including water and sewer  
24 systems, but excluding streets and highways, of cities that are making  
25 the transition from incorporated to unincorporated status subject to  
26 the terms in this section. No transitional benefit district may be  
27 formed until after the terms of disincorporation under chapter 35.07  
28 RCW have been met.

29 (2) A transitional benefit district is a municipal corporation, an  
30 independent taxing authority within the meaning of Article VII, section  
31 1 of the state Constitution, and a taxing district within the meaning  
32 of Article VII, section 2 of the state Constitution.

33 (3) A transitional benefit district shall be governed by the  
34 legislative authority of the county in which the district is located.  
35 A transitional benefit district shall constitute a body corporate and  
36 shall possess all the usual powers of a corporation for public purposes  
37 as well as all other powers that may now or hereafter be specifically  
38 conferred by statute, including, but not limited to, the authority to

1 hire employees, staff, and services, to enter into contracts, to sue  
2 and be sued, and to issue bonds. All the powers and authorities  
3 granted to cities pursuant to Title 35 RCW, Title 35A RCW, and all the  
4 powers and authorities granted to counties pursuant to this title  
5 necessary to meet its purpose are granted to transitional benefit  
6 districts.

7 (4) A transitional benefit district may acquire and transfer real  
8 and personal property by lease, sublease, purchase, or sale.

9 (5) A transitional benefit district may receive the assets of a  
10 city or a former portion of a city, unless there are remaining debts  
11 and obligations. If such debts and obligations exist, a district may  
12 not receive the assets until the completion of the disincorporation  
13 process in chapter 35.07 RCW.

14 (6) A transitional benefit district is authorized to levy taxes on  
15 all taxable property only when the debts and obligations of the city  
16 have been satisfied under the disincorporation process in chapter 35.07  
17 RCW.

18 (7) The powers and authorities granted to a transitional benefit  
19 district under this section shall terminate twenty-five years from the  
20 date of the formation of the transitional benefit district.

21 NEW SECTION. **Sec. 11.** RCW 66.16.080 (Sunday closing) and 1988 c  
22 101 s 1 & 1933 ex.s. c 62 s 11 are each repealed.

23 NEW SECTION. **Sec. 12.** If any provision of this act or its  
24 application to any person or circumstance is held invalid, the  
25 remainder of the act or the application of the provision to other  
26 persons or circumstances is not affected.

27 NEW SECTION. **Sec. 13.** This act takes effect July 1, 2002."

28 Correct the title.

--- END ---