

SSB 5051 - H COMM AMD  
By Committee on Commerce & Labor

ADOPTED AS AMENDED 4/14/03

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 66.24.244 and 1998 c 126 s 3 are each amended to read  
4 as follows:

5 (1) There shall be a license for microbreweries; fee to be one  
6 hundred dollars for production of less than sixty thousand barrels of  
7 malt liquor, including strong beer, per year.

8 (2) Any microbrewery license under this section may also act as a  
9 distributor and/or retailer for beer and strong beer of its own  
10 production. Strong beer may not be sold at a farmers market or under  
11 any endorsement which may authorize microbreweries to sell beer at  
12 farmers markets. Any microbrewery operating as a distributor and/or  
13 retailer under this subsection shall comply with the applicable laws  
14 and rules relating to distributors and/or retailers.

15 (3) The board may issue an endorsement to this license allowing for  
16 on-premises consumption of beer, including strong beer, wine, or both  
17 of other manufacture if purchased from a Washington state-licensed  
18 distributor. Each endorsement shall cost two hundred dollars per year,  
19 or four hundred dollars per year allowing the sale and service of both  
20 beer and wine.

21 (4) The microbrewer obtaining such endorsement must determine, at  
22 the time the endorsement is issued, whether the licensed premises will  
23 be operated either as a tavern with persons under twenty-one years of  
24 age not allowed as provided for in RCW 66.24.330, or as a beer and/or  
25 wine restaurant as described in RCW 66.24.320.

26 **Sec. 2.** RCW 66.24.250 and 1997 c 321 s 13 are each amended to read  
27 as follows:

28 There shall be a license for beer distributors to sell beer and  
29 strong beer, purchased from licensed Washington breweries, beer

1 certificate of approval holders (B5), licensed beer importers, or  
2 suppliers of foreign beer located outside the state of Washington, to  
3 licensed beer retailers and other beer distributors and to export same  
4 from the state of Washington; fee six hundred sixty dollars per year  
5 for each distributing unit.

6 **Sec. 3.** RCW 66.24.261 and 1997 c 321 s 14 are each amended to read  
7 as follows:

8 There shall be a license for beer importers that authorizes the  
9 licensee to import beer and strong beer manufactured within the United  
10 States by certificate of approval holders (B5) into the state of  
11 Washington. The licensee may also import beer and strong beer  
12 manufactured outside the United States.

13 (1) Beer and strong beer so imported may be sold to licensed beer  
14 distributors or exported from the state.

15 (2) Every person, firm, or corporation licensed as a beer importer  
16 shall establish and maintain a principal office within the state at  
17 which shall be kept proper records of all beer and strong beer imported  
18 into the state under this license.

19 (3) No beer importer's license shall be granted to a nonresident of  
20 the state nor to a corporation whose principal place of business is  
21 outside the state until such applicant has established a principal  
22 office and agent within the state upon which service can be made.

23 (4) As a requirement for license approval, a beer importer shall  
24 enter into a written agreement with the board to furnish on or before  
25 the twentieth day of each month, a report under oath, detailing the  
26 quantity of beer and strong beer sold or delivered to each licensed  
27 beer distributor. Failure to file such reports may result in the  
28 suspension or cancellation of this license.

29 (5) Beer and strong beer imported under this license must conform  
30 to the provisions of RCW 66.28.120 and have received label approval  
31 from the board. The board shall not certify beer or strong beer  
32 labeled with names which may be confused with other nonalcoholic  
33 beverages whether manufactured or produced from a domestic brewery or  
34 imported nor shall it certify beer or strong beer which fails to meet  
35 quality standards established by the board.

36 (6) The license fee shall be one hundred sixty dollars per year.

1       **Sec. 4.** RCW 66.24.270 and 1997 c 321 s 15 are each amended to read  
2 as follows:

3       (1) Every person, firm or corporation, holding a license to  
4 manufacture malt liquors or strong beer within the state of Washington,  
5 shall, on or before the twentieth day of each month, furnish to the  
6 Washington state liquor control board, on a form to be prescribed by  
7 the board, a statement showing the quantity of malt liquors and strong  
8 beer sold for resale during the preceding calendar month to each beer  
9 distributor within the state of Washington.

10       (2) A United States brewery or manufacturer of beer or strong beer,  
11 located outside the state of Washington, must hold a certificate of  
12 approval (B5) to allow sales and shipment of the certificate of  
13 approval holder's beer or strong beer to licensed Washington beer  
14 distributors or importers. The certificate of approval shall not be  
15 granted unless and until such brewer or manufacturer of beer or strong  
16 beer shall have made a written agreement with the board to furnish to  
17 the board, on or before the twentieth day of each month, a report under  
18 oath, on a form to be prescribed by the board, showing the quantity of  
19 beer and strong beer sold or delivered to each licensed beer  
20 distributor or importer during the preceding month, and shall further  
21 have agreed with the board, that such brewer or manufacturer of beer or  
22 strong beer and all general sales corporations or agencies maintained  
23 by them, and all of their trade representatives, corporations, and  
24 agencies, shall and will faithfully comply with all laws of the state  
25 of Washington pertaining to the sale of intoxicating liquors and all  
26 rules and regulations of the Washington state liquor control board. A  
27 violation of the terms of this agreement will cause the board to take  
28 action to suspend or revoke such certificate.

29       (3) The fee for the certificate of approval, issued pursuant to the  
30 provisions of this title, shall be one hundred dollars per year, which  
31 sum shall accompany the application for such certificate.

32       **Sec. 5.** RCW 66.24.290 and 1999 c 281 s 14 are each amended to read  
33 as follows:

34       (1) Any microbrewer or domestic brewery or beer distributor  
35 licensed under this title may sell and deliver beer and strong beer to  
36 holders of authorized licenses direct, but to no other person, other

1 than the board; and every such brewery or beer distributor shall report  
2 all sales to the board monthly, pursuant to the regulations, and shall  
3 pay to the board as an added tax for the privilege of manufacturing and  
4 selling the beer and strong beer within the state a tax of one dollar  
5 and thirty cents per barrel of thirty-one gallons on sales to licensees  
6 within the state and on sales to licensees within the state of bottled  
7 and canned beer, including strong beer, shall pay a tax computed in  
8 gallons at the rate of one dollar and thirty cents per barrel of  
9 thirty-one gallons. Any brewery or beer distributor whose applicable  
10 tax payment is not postmarked by the twentieth day following the month  
11 of sale will be assessed a penalty at the rate of two percent per month  
12 or fraction thereof. Beer and strong beer shall be sold by breweries  
13 and distributors in sealed barrels or packages. The moneys collected  
14 under this subsection shall be distributed as follows: (a) Three-  
15 tenths of a percent shall be distributed to border areas under RCW  
16 66.08.195; and (b) of the remaining moneys: (i) Twenty percent shall  
17 be distributed to counties in the same manner as under RCW 66.08.200;  
18 and (ii) eighty percent shall be distributed to incorporated cities and  
19 towns in the same manner as under RCW 66.08.210.

20 (2) An additional tax is imposed on all beer and strong beer  
21 subject to tax under subsection (1) of this section. The additional  
22 tax is equal to two dollars per barrel of thirty-one gallons. All  
23 revenues collected during any month from this additional tax shall be  
24 deposited in the violence reduction and drug enforcement account under  
25 RCW 69.50.520 by the twenty-fifth day of the following month.

26 (3)(a) An additional tax is imposed on all beer and strong beer  
27 subject to tax under subsection (1) of this section. The additional  
28 tax is equal to ninety-six cents per barrel of thirty-one gallons  
29 through June 30, 1995, two dollars and thirty-nine cents per barrel of  
30 thirty-one gallons for the period July 1, 1995, through June 30, 1997,  
31 and four dollars and seventy-eight cents per barrel of thirty-one  
32 gallons thereafter.

33 (b) The additional tax imposed under this subsection does not apply  
34 to the sale of the first sixty thousand barrels of beer each year by  
35 breweries that are entitled to a reduced rate of tax under 26 U.S.C.  
36 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may

1 be provided by the board by rule consistent with the purposes of this  
2 exemption.

3 (c) All revenues collected from the additional tax imposed under  
4 this subsection (3) shall be deposited in the health services account  
5 under RCW 43.72.900.

6 (4) An additional tax is imposed on all beer and strong beer that  
7 is subject to tax under subsection (1) of this section that is in the  
8 first sixty thousand barrels of beer and strong beer by breweries that  
9 are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as  
10 existing on July 1, 1993, or such subsequent date as may be provided by  
11 the board by rule consistent with the purposes of the exemption under  
12 subsection (3)(b) of this section. The additional tax is equal to one  
13 dollar and forty-eight and two-tenths cents per barrel of thirty-one  
14 gallons. By the twenty-fifth day of the following month, three percent  
15 of the revenues collected from this additional tax shall be distributed  
16 to border areas under RCW 66.08.195 and the remaining moneys shall be  
17 transferred to the state general fund.

18 (5) The board may make refunds for all taxes paid on beer and  
19 strong beer exported from the state for use outside the state.

20 (6) The board may require filing with the board of a bond to be  
21 approved by it, in such amount as the board may fix, securing the  
22 payment of the tax. If any licensee fails to pay the tax when due, the  
23 board may forthwith suspend or cancel his or her license until all  
24 taxes are paid.

25 ~~((7) The tax imposed under this section shall not apply to "strong~~  
26 ~~beer" as defined in this title.))~~

27 **Sec. 6.** RCW 66.24.320 and 1998 c 126 s 4 are each amended to read  
28 as follows:

29 There shall be a beer and/or wine restaurant license to sell beer,  
30 including strong beer, or wine, or both, at retail, for consumption on  
31 the premises. A patron of the licensee may remove from the premises,  
32 recorked or recapped in its original container, any portion of wine  
33 that was purchased for consumption with a meal.

34 (1) The annual fee shall be two hundred dollars for the beer  
35 license, two hundred dollars for the wine license, or four hundred  
36 dollars for a combination beer and wine license.

1 (2) The board may issue a caterer's endorsement to this license to  
2 allow the licensee to remove from the liquor stocks at the licensed  
3 premises, only those types of liquor that are authorized under the on-  
4 premises license privileges for sale and service at special occasion  
5 locations at a specified date and place not currently licensed by the  
6 board. The privilege of selling and serving liquor under the  
7 endorsement is limited to members and guests of a society or  
8 organization as defined in RCW 66.24.375. Cost of the endorsement is  
9 three hundred fifty dollars.

10 (a) The holder of this license with catering endorsement shall, if  
11 requested by the board, notify the board or its designee of the date,  
12 time, place, and location of any catered event. Upon request, the  
13 licensee shall provide to the board all necessary or requested  
14 information concerning the society or organization that will be holding  
15 the function at which the endorsed license will be utilized.

16 (b) If attendance at the function will be limited to members and  
17 invited guests of the sponsoring society or organization, the  
18 requirement that the society or organization be within the definition  
19 of RCW 66.24.375 is waived.

20 **Sec. 7.** RCW 66.24.330 and 1997 c 321 s 19 are each amended to read  
21 as follows:

22 There shall be a beer and wine retailer's license to be designated  
23 as a tavern license to sell beer, including strong beer, or wine, or  
24 both, at retail, for consumption on the premises. Such licenses may be  
25 issued only to a person operating a tavern that may be frequented only  
26 by persons twenty-one years of age and older.

27 The annual fee for such license shall be two hundred dollars for  
28 the beer license, two hundred dollars for the wine license, or four  
29 hundred dollars for a combination beer and wine license. Licensees who  
30 have a fee increase of more than one hundred dollars as a result of  
31 this change shall have their fees increased fifty percent of the amount  
32 the first renewal year and the remaining amount beginning with the  
33 second renewal period. New licensees obtaining a license after July 1,  
34 1998, shall pay the full amount of four hundred dollars.

1       **Sec. 8.** RCW 66.24.360 and 1997 c 321 s 22 are each amended to read  
2 as follows:

3       There shall be a beer and/or wine retailer's license to be  
4 designated as a grocery store license to sell beer, strong beer, and/or  
5 wine at retail in bottles, cans, and original containers, not to be  
6 consumed upon the premises where sold, at any store other than the  
7 state liquor stores.

8       (1) Licensees obtaining a written endorsement from the board may  
9 also sell malt liquor in kegs or other containers capable of holding  
10 less than five and one-half gallons of liquid.

11       (2) The annual fee for the grocery store license is one hundred  
12 fifty dollars for each store.

13       (3) The board shall issue a restricted grocery store license  
14 authorizing the licensee to sell beer and only table wine, if the board  
15 finds upon issuance or renewal of the license that the sale of strong  
16 beer or fortified wine would be against the public interest. In  
17 determining the public interest, the board shall consider at least the  
18 following factors:

19       (a) The likelihood that the applicant will sell strong beer or  
20 fortified wine to persons who are intoxicated;

21       (b) Law enforcement problems in the vicinity of the applicant's  
22 establishment that may arise from persons purchasing strong beer or  
23 fortified wine at the establishment; and

24       (c) Whether the sale of strong beer or fortified wine would be  
25 detrimental to or inconsistent with a government-operated or funded  
26 alcohol treatment or detoxification program in the area.

27       If the board receives no evidence or objection that the sale of  
28 strong beer or fortified wine would be against the public interest, it  
29 shall issue or renew the license without restriction, as applicable.  
30 The burden of establishing that the sale of strong beer or fortified  
31 wine by the licensee would be against the public interest is on those  
32 persons objecting.

33       (4) Licensees holding a grocery store license must maintain a  
34 minimum three thousand dollar inventory of food products for human  
35 consumption, not including pop, beer, strong beer, or wine.

36       (5) Upon approval by the board, the grocery store licensee may also

1 receive an endorsement to permit the international export of beer,  
2 strong beer, and wine.

3 (a) Any beer, strong beer, or wine sold under this endorsement must  
4 have been purchased from a licensed beer or wine distributor licensed  
5 to do business within the state of Washington.

6 (b) Any beer, strong beer, and wine sold under this endorsement  
7 must be intended for consumption outside the state of Washington and  
8 the United States and appropriate records must be maintained by the  
9 licensee.

10 (c) A holder of this special endorsement to the grocery store  
11 license shall be considered not in violation of RCW 66.28.010.

12 (d) Any beer, strong beer, or wine sold under this license must be  
13 sold at a price no less than the acquisition price paid by the holder  
14 of the license.

15 (e) The annual cost of this endorsement is five hundred dollars and  
16 is in addition to the license fees paid by the licensee for a grocery  
17 store license.

18 **Sec. 9.** RCW 66.24.371 and 1997 c 321 s 23 are each amended to read  
19 as follows:

20 (1) There shall be a beer and/or wine retailer's license to be  
21 designated as a beer and/or wine specialty shop license to sell beer,  
22 strong beer, and/or wine at retail in bottles, cans, and original  
23 containers, not to be consumed upon the premises where sold, at any  
24 store other than the state liquor stores. Licensees obtaining a  
25 written endorsement from the board may also sell malt liquor in kegs or  
26 other containers capable of holding less than five and one-half gallons  
27 of liquid. The annual fee for the beer and/or wine specialty shop  
28 license is one hundred dollars for each store.

29 (2) Licensees under this section may provide, free or for a charge,  
30 single-serving samples of two ounces or less to customers for the  
31 purpose of sales promotion. Sampling activities of licensees under  
32 this section are subject to RCW 66.28.010 and 66.28.040 and the cost of  
33 sampling under this section may not be borne, directly or indirectly,  
34 by any manufacturer, importer, or distributor of liquor.

35 (3) The board shall issue a restricted beer and/or wine specialty  
36 shop license, authorizing the licensee to sell beer and only table

1 wine, if the board finds upon issuance or renewal of the license that  
2 the sale of strong beer or fortified wine would be against the public  
3 interest. In determining the public interest, the board shall consider  
4 at least the following factors:

5 (a) The likelihood that the applicant will sell strong beer or  
6 fortified wine to persons who are intoxicated;

7 (b) Law enforcement problems in the vicinity of the applicant's  
8 establishment that may arise from persons purchasing strong beer or  
9 fortified wine at the establishment; and

10 (c) Whether the sale of strong beer or fortified wine would be  
11 detrimental to or inconsistent with a government-operated or funded  
12 alcohol treatment or detoxification program in the area.

13 If the board receives no evidence or objection that the sale of  
14 strong beer or fortified wine would be against the public interest, it  
15 shall issue or renew the license without restriction, as applicable.  
16 The burden of establishing that the sale of strong beer or fortified  
17 wine by the licensee would be against the public interest is on those  
18 persons objecting.

19 (4) Licensees holding a beer and/or wine specialty shop license  
20 must maintain a minimum three thousand dollar wholesale inventory of  
21 beer, strong beer, and/or wine.

22 **Sec. 10.** RCW 66.24.452 and 2001 c 199 s 2 are each amended to read  
23 as follows:

24 (1) There shall be a beer and wine license to be issued to a  
25 private club for sale of beer, strong beer, and wine for on-premises  
26 consumption.

27 (2) Beer, strong beer, and wine sold by the licensee may be on tap  
28 or by open bottles or cans.

29 (3) The fee for the private club beer and wine license is one  
30 hundred eighty dollars per year.

31 (4) The board may issue an endorsement to the private club beer and  
32 wine license that allows the holder of a private club beer and wine  
33 license to sell for off-premises consumption wine vinted and bottled in  
34 the state of Washington and carrying a label exclusive to the license  
35 holder selling the wine. Spirits, strong beer, and beer may not be

1 sold for off-premises consumption under this section. The annual fee  
2 for the endorsement under this (~~chapter~~~~[section]~~) section is one  
3 hundred twenty dollars.

4 **Sec. 11.** RCW 82.08.150 and 1998 c 126 s 16 are each amended to  
5 read as follows:

6 (1) There is levied and shall be collected a tax upon each retail  
7 sale of spirits(~~, or strong beer~~) in the original package at the rate  
8 of fifteen percent of the selling price. The tax imposed in this  
9 subsection shall apply to all such sales including sales by the  
10 Washington state liquor stores and agencies, but excluding sales to  
11 spirits, beer, and wine restaurant licensees.

12 (2) There is levied and shall be collected a tax upon each sale of  
13 spirits(~~, or strong beer~~) in the original package at the rate of ten  
14 percent of the selling price on sales by Washington state liquor stores  
15 and agencies to spirits, beer, and wine restaurant licensees.

16 (3) There is levied and shall be collected an additional tax upon  
17 each retail sale of spirits in the original package at the rate of one  
18 dollar and seventy-two cents per liter. The additional tax imposed in  
19 this subsection shall apply to all such sales including sales by  
20 Washington state liquor stores and agencies, and including sales to  
21 spirits, beer, and wine restaurant licensees.

22 (4) An additional tax is imposed equal to fourteen percent  
23 multiplied by the taxes payable under subsections (1), (2), and (3) of  
24 this section.

25 (5) An additional tax is imposed upon each retail sale of spirits  
26 in the original package at the rate of seven cents per liter. The  
27 additional tax imposed in this subsection shall apply to all such sales  
28 including sales by Washington state liquor stores and agencies, and  
29 including sales to spirits, beer, and wine restaurant licensees. All  
30 revenues collected during any month from this additional tax shall be  
31 deposited in the violence reduction and drug enforcement account under  
32 RCW 69.50.520 by the twenty-fifth day of the following month.

33 (6)(a) An additional tax is imposed upon retail sale of spirits in  
34 the original package at the rate of one and seven-tenths percent of the  
35 selling price through June 30, 1995, two and six-tenths percent of the  
36 selling price for the period July 1, 1995, through June 30, 1997, and

1 three and four-tenths of the selling price thereafter. This additional  
2 tax applies to all such sales including sales by Washington state  
3 liquor stores and agencies, but excluding sales to spirits, beer, and  
4 wine restaurant licensees.

5 (b) An additional tax is imposed upon retail sale of spirits in the  
6 original package at the rate of one and one-tenth percent of the  
7 selling price through June 30, 1995, one and seven-tenths percent of  
8 the selling price for the period July 1, 1995, through June 30, 1997,  
9 and two and three-tenths of the selling price thereafter. This  
10 additional tax applies to all such sales to spirits, beer, and wine  
11 restaurant licensees.

12 (c) An additional tax is imposed upon each retail sale of spirits  
13 in the original package at the rate of twenty cents per liter through  
14 June 30, 1995, thirty cents per liter for the period July 1, 1995,  
15 through June 30, 1997, and forty-one cents per liter thereafter. This  
16 additional tax applies to all such sales including sales by Washington  
17 state liquor stores and agencies, and including sales to spirits, beer,  
18 and wine restaurant licensees.

19 (d) All revenues collected during any month from additional taxes  
20 under this subsection shall be deposited in the health services account  
21 created under RCW 43.72.900 by the twenty-fifth day of the following  
22 month.

23 (7) The tax imposed in RCW 82.08.020 shall not apply to sales of  
24 spirits (~~(or strong beer)~~) in the original package.

25 (8) The taxes imposed in this section shall be paid by the buyer to  
26 the seller, and each seller shall collect from the buyer the full  
27 amount of the tax payable in respect to each taxable sale under this  
28 section. The taxes required by this section to be collected by the  
29 seller shall be stated separately from the selling price and for  
30 purposes of determining the tax due from the buyer to the seller, it  
31 shall be conclusively presumed that the selling price quoted in any  
32 price list does not include the taxes imposed by this section.

33 (9) As used in this section, the terms, "spirits(~~(, "strong  
34 beer, )~~)" and "package" shall have the meaning ascribed to them in  
35 chapter 66.04 RCW.

1        NEW SECTION.    **Sec. 12.**    Sections 8 and 9 of this act apply to  
2    retailers who hold a restricted grocery store license or restricted  
3    beer and/or wine specialty shop license on or after the effective date  
4    of this section.

5        NEW SECTION.    **Sec. 13.**    The liquor control board shall report to  
6    the legislature by December 1, 2004, on the impacts of strong beer  
7    sales.

8        NEW SECTION.    **Sec. 14.**    This act is necessary for the immediate  
9    preservation of the public peace, health, or safety, or support of the  
10   state government and its existing public institutions, and takes effect  
11   July 1, 2003."

12        Correct the title.

--- END ---