

SSB 5051 - S AMD 189

By Senators Jacobsen, Honeyford

PULLED 03/16/2003

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. Any microbrewery operating as a distributor and/or
11 retailer under this subsection shall comply with the applicable laws
12 and rules relating to distributors and/or retailers.

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

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

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

26 There shall be a license for beer distributors to sell beer and
27 strong beer, purchased from licensed Washington breweries, beer
28 certificate of approval holders (B5), licensed beer importers, or

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

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

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

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

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

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

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

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

35 (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
37 than the board; and every such brewery or beer distributor shall report

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

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

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

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

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

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

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

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

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

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

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

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

35 (2) The board may issue a caterer's endorsement to this license to
36 allow the licensee to remove from the liquor stocks at the licensed
37 premises, only those types of liquor that are authorized under the on-

1 premises license privileges for sale and service at special occasion
2 locations at a specified date and place not currently licensed by the
3 board. The privilege of selling and serving liquor under the
4 endorsement is limited to members and guests of a society or
5 organization as defined in RCW 66.24.375. Cost of the endorsement is
6 three hundred fifty dollars.

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

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

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

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

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

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

34 There shall be a beer and/or wine retailer's license to be
35 designated as a grocery store license to sell beer, strong beer, and/or

1 wine at retail in bottles, cans, and original containers, not to be
2 consumed upon the premises where sold, at any store other than the
3 state liquor stores.

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

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

9 (3) The board shall issue a restricted grocery store license
10 authorizing the licensee to sell only specific beer that is not of a
11 certain brand restricted in any board-approved alcohol impact area and
12 only table wine, if the board finds upon issuance or renewal of the
13 license that the sale of beer, strong beer, or fortified wine would be
14 against the public interest. In determining the public interest, the
15 board shall consider at least the following factors:

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

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

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

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

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

33 (5) Upon approval by the board, the grocery store licensee may also
34 receive an endorsement to permit the international export of beer,
35 strong beer, and wine.

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

1 (b) Any beer, strong beer, and wine sold under this endorsement
2 must be intended for consumption outside the state of Washington and
3 the United States and appropriate records must be maintained by the
4 licensee.

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

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

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

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

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

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

30 (3) The board shall issue a restricted beer and/or wine specialty
31 shop license, authorizing the licensee to sell only specific beer that
32 is not of a certain brand restricted in any board-approved alcohol
33 impact area and only table wine, if the board finds upon issuance or
34 renewal of the license that the sale of beer, strong beer, or fortified
35 wine would be against the public interest. In determining the public
36 interest, the board shall consider at least the following factors:

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

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

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

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

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

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

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

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

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

27 (4) The board may issue an endorsement to the private club beer and
28 wine license that allows the holder of a private club beer and wine
29 license to sell for off-premises consumption wine vinted and bottled in
30 the state of Washington and carrying a label exclusive to the license
31 holder selling the wine. Spirits, strong beer, and beer may not be
32 sold for off-premises consumption under this section. The annual fee
33 for the endorsement under this (~~chapter~~~~[section]~~) section is one
34 hundred twenty dollars.

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

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

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

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

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

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

28 (6)(a) An additional tax is imposed upon retail sale of spirits in
29 the original package at the rate of one and seven-tenths percent of the
30 selling price through June 30, 1995, two and six-tenths percent of the
31 selling price for the period July 1, 1995, through June 30, 1997, and
32 three and four-tenths of the selling price thereafter. This additional
33 tax applies to all such sales including sales by Washington state
34 liquor stores and agencies, but excluding sales to spirits, beer, and
35 wine restaurant licensees.

36 (b) An additional tax is imposed upon retail sale of spirits in the
37 original package at the rate of one and one-tenth percent of the
38 selling price through June 30, 1995, one and seven-tenths percent of

1 the selling price for the period July 1, 1995, through June 30, 1997,
2 and two and three-tenths of the selling price thereafter. This
3 additional tax applies to all such sales to spirits, beer, and wine
4 restaurant licensees.

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

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

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

18 (8) The taxes imposed in this section shall be paid by the buyer to
19 the seller, and each seller shall collect from the buyer the full
20 amount of the tax payable in respect to each taxable sale under this
21 section. The taxes required by this section to be collected by the
22 seller shall be stated separately from the selling price and for
23 purposes of determining the tax due from the buyer to the seller, it
24 shall be conclusively presumed that the selling price quoted in any
25 price list does not include the taxes imposed by this section.

26 (9) As used in this section, the terms, "spirits(~~(⁷"—"strong~~

27 ~~beer₇)~~)" and "package" shall have the meaning ascribed to them in
28 chapter 66.04 RCW.

29 NEW SECTION. **Sec. 12.** The liquor control board shall study the
30 impacts of strong beer sales, and report its findings to the
31 legislature by December 31, 2008."

SSB 5051 - S AMD 189

By Senators Jacobsen, Honeyford

PULLED 03/16/2003

1 On page 1, line 1 of the title, after "beer;" strike the remainder
2 of the title and insert "amending RCW 66.24.244, 66.24.250, 66.24.261,
3 66.24.270, 66.24.290, 66.24.320, 66.24.330, 66.24.360, 66.24.371,
4 66.24.452, and 82.08.150; creating a new section; and providing an
5 effective date."

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