S-0251.2
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#### SENATE BILL 5036

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State of Washington 58th Legislature 2003 Regular Session

By Senators T. Sheldon, McCaslin, Hale and Benton

Read first time 01/13/2003. Referred to Committee on Commerce & Trade.

AN ACT Relating to privatizing the sale of liquor; amending RCW 1 2 66.04.010, 66.08.030, 66.08.070, 66.08.130, 66.08.140, 66.08.150, 3 66.24.010, 66.24.012, 66.24.015, 66.24.025, 66.24.120, 66.44.200, 66.44.318, 66.44.340, 66.04.010, 66.08.020, 66.08.030, 66.08.050, 4 5 66.12.110, 66.12.120, 66.20.160, 66.20.170, 66.20.180, 66.20.190, 66.20.200, 66.20.210, 66.24.395, 66.32.010, and 66.44.150; adding a new 6 7 section to chapter 66.08 RCW; creating new sections; repealing RCW 66.08.070, 66.08.160, 66.08.220, 66.08.235, 66.16.010, 8 66.16.030, 9 66.16.050, 66.16.060, 66.16.070, 66.16.080, 66.16.040, 66.16.041, 10 66.16.090, 66.16.100, 66.16.110, 66.28.170, and 66.28.180; and providing effective dates. 11

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

# 13 PART I - INTENT

14 NEW SECTION. Sec. **101.** (1) The legislature intends for privatization of retail and distribution of liquor to result in a 15 more efficient than public sector retail and 16 system that is distribution. The legislature finds that the present system of state 17 18 control includes a markup amount at distribution that generates revenue

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- for the state and local governments, and that this markup will be eliminated when liquor sales and distribution are privatized. The legislature further intends that the privatization of liquor sales and distribution not result in revenue losses to state or local governments as compared to projected revenues assumed under state control, not including any separate licenses or franchises.
- 7 (2) Therefore, the legislature directs the liquor control board and the department of revenue, with assistance from legislative staff and 8 the office of financial management, to present a report to the 9 legislature no later than December 1, 2003, on a recommended method and 10 rates of liquor taxation that would generate the same future projected 11 12 revenue for the state and local jurisdictions as under the current 13 state control system. The report may also include recommendations on tax enforcement and simplification to the current system of liquor 14 taxation and distribution of revenues. 15

## 16 PART II - CURRENT CHANGES

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17 **Sec. 201.** RCW 66.04.010 and 2000 c 142 s 1 are each amended to 18 read as follows:

In this title, unless the context otherwise requires:

- (1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.
- 29 (2) "Beer" means any malt beverage or malt liquor as these terms 30 are defined in this chapter.
- 31 (3) "Beer distributor" means a person who buys beer from a brewer 32 or brewery located either within or beyond the boundaries of the state, 33 beer importers, or foreign produced beer from a source outside the 34 state of Washington, for the purpose of selling the same pursuant to 35 this title, or who represents such brewer or brewery as agent.

(4) "Beer importer" means a person or business within Washington who purchases beer from a United States brewery holding a certificate of approval (B5) or foreign produced beer from a source outside the state of Washington for the purpose of selling the same pursuant to this title.

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- (5) "Brewer" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.
- 14 (6) "Board" means the liquor control board, constituted under this title.
  - (7) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic or social purposes, and not for pecuniary gain.
- 19 (8) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.
  - (9) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.
- 24 (10) "Distiller" means a person engaged in the business of distilling spirits.
- 26 (11) "Domestic brewery" means a place where beer and malt liquor 27 are manufactured or produced by a brewer within the state.
  - (12) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.
- 30 (13) "Druggist" means any person who holds a valid certificate and 31 is a registered pharmacist and is duly and regularly engaged in 32 carrying on the business of pharmaceutical chemistry pursuant to 33 chapter 18.64 RCW.
- 34 (14) "Drug store" means a place whose principal business is, the 35 sale of drugs, medicines and pharmaceutical preparations and maintains 36 a regular prescription department and employs a registered pharmacist 37 during all hours the drug store is open.

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- 1 (15) "Employee" means any person employed by the board, including 2 a vendor, as hereinafter in this section defined.
  - (16) "Fund" means 'liquor revolving fund.'

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- (17) "Hotel" means every building or other structure kept, used, 4 maintained, advertised or held out to the public to be a place where 5 food is served and sleeping accommodations are offered for pay to 6 7 transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests and having one or more 8 dining rooms where meals are served to such transient guests, such 9 10 sleeping accommodations and dining rooms being conducted in the same building and buildings, in connection therewith, and such structure or 11 structures being provided, in the judgment of the board, with adequate 12 13 and sanitary kitchen and dining room equipment and capacity, for 14 preparing, cooking and serving suitable food for its quests: PROVIDED 15 FURTHER, That in cities and towns of less than five thousand population, the board shall have authority to waive the provisions 16 17 requiring twenty or more rooms.
  - (18) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.
    - (19) "Imprisonment" means confinement in the county jail.
  - (20) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.
- 34 (21) "Liquor franchise" means a specific location designated by the 35 board where spirits, wine, and beer may be sold in original packages 36 for off-premises consumption, or where liquor may be sold to holders of 37 a permit to purchase.

1 (22) "Liquor franchise agreement" means approval by the board to 2 operate a liquor franchise in accordance with the provisions of this 3 title.

- (23) "Liquor franchise applicant" means any person who bids for a liquor franchise agreement to sell spirits, wine, and beer in accordance with the provisions of this title.
- (24) "Liquor franchise area" means a geographic area designated as such by the board for the purpose of issuing franchise agreements.
- 9 (25) "Liquor franchise holder" means a person who has been granted 10 a liquor franchise agreement in accordance with the provisions of this 11 title.
- 12 <u>(26)</u> "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.
  - $((\frac{(22)}{)})$  (27) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."
- $((\frac{(23)}{)})$  "Package" means any container or receptacle used for 24 holding liquor.
- $((\frac{(24)}{(24)}))$  "Permit" means a permit for the purchase of liquor 26 under this title.
- $((\frac{(25)}{)})$  <u>(30)</u> "Person" means an individual, copartnership, 28 association, or corporation.
  - $((\frac{26}{1}))$  (31) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.
    - (((27))) (32) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.
  - ((<del>(28)</del>)) <u>(33)</u> "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where

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beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public. 

 $((\frac{(29)}{)})$  <u>(34)</u> "Regulations" means regulations made by the board under the powers conferred by this title.

(((30))) (35) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

((<del>(31)</del>)) (36) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

 $((\frac{32}{32}))$  "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

 $((\frac{(33)}{)})$   $\underline{(38)}$  "Spirits" means any beverage which contains alcohol obtained by distillation, including wines exceeding twenty-four percent of alcohol by volume and beer exceeding eight percent of alcohol by weight.

 $((\frac{34}{3}))$  "Store" means a state liquor store established under this title.

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 $((\frac{35}{1}))$  (40) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

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(((36))) (41) "Vendor" means a person employed by the board as a store manager under this title.

(((37))) (42) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

(((38))) (43) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (a) Wines that are both sealed or capped by cork closure and aged two years or more; and (b) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

 $((\frac{39}{)}))$  (44) "Wine distributor" means a person who buys wine from a vintner or winery located either within or beyond the boundaries of the state for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

((40)) (45) "Wine importer" means a person or business within Washington who purchases wine from a United States winery holding a certificate of approval (W7) or foreign produced wine from a source outside the state of Washington for the purpose of selling the same pursuant to this title.

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**Sec. 202.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to read as follows:

- (1) For the purpose of carrying into effect the provisions of this title according to their true intent or of supplying any deficiency therein, the board may make such regulations not inconsistent with the spirit of this title as are deemed necessary or advisable. All regulations so made shall be a public record and shall be filed in the office of the code reviser, and thereupon shall have the same force and effect as if incorporated in this title. Such regulations, together with a copy of this title, shall be published in pamphlets and shall be distributed as directed by the board.
- (2) Without thereby limiting the generality of the provisions contained in subsection (1), it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to
- (a) regulating the equipment and management of <u>liquor franchises</u> <u>and</u> stores and warehouses in which state liquor is sold or kept, and prescribing the books and records to be kept therein and the reports to be made thereon to the board;
- (b) prescribing the duties of the employees of the board, and regulating their conduct in the discharge of their duties;
- (c) governing the purchase of liquor by the state and the furnishing of liquor to stores established under this title;
- (d) determining the classes, varieties, and brands of liquor to be kept for sale at any store;
- (e) prescribing, subject to RCW 66.16.080, the hours during which the state liquor stores shall be kept open for the sale of liquor;
- (f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this title;
- (g) prescribing an official seal and official labels and stamps and determining the manner in which they shall be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different 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;

(i) prescribing forms to be used for purposes of this title or the regulations, and the terms and conditions to be contained in permits and licenses issued under this title, and the qualifications for receiving a permit or license issued under this title, including a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

- (j) prescribing the fees payable in respect of permits and licenses and liquor franchise agreements issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or permitted to be done under the regulations;
- (k) prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;
- (1) regulating the sale of liquor kept by the holders of licenses and liquor franchise agreements which entitle the holder to purchase and keep liquor for sale;
- (m) prescribing the records of purchases or sales of liquor kept by the holders of licenses <u>and liquor franchise agreements</u>, and the reports to be made thereon to the board, and providing for inspection of the records so kept;
- (n) prescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;
- (o) prescribing the manner of giving and serving notices required by this title or the regulations, where not otherwise provided for in this title;
- (p) regulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the

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board, and providing for the inspection of the premises and the books, records and the liquor so kept;

- (q) prescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensing clubs in any municipality or other locality, and providing for the inspection of clubs;
- (r) prescribing the conditions, accommodations and qualifications requisite for the obtaining of licenses to sell beer and wines, and regulating the sale of beer and wines thereunder;
- (s) specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;
- (t) providing for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns;
- (u) providing for the making of returns by the wholesalers of beer whose breweries are located beyond the boundaries of the state;
- (v) providing for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such return;
- (w) providing for the giving of fidelity bonds by any or all of the employees of the board: PROVIDED, That the premiums therefor shall be paid by the board;
- (x) providing for the shipment by mail or common carrier of liquor to any person holding a permit and residing in any unit which has, by election pursuant to this title, prohibited the sale of liquor therein;
- (y) prescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees and the board; and conducting from time to time, in the interest of the public health and

general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

- (z) seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not conform in all respects to the standards prescribed by this title or the regulations of the board: PROVIDED, Nothing herein contained shall be construed as authorizing the liquor board to prescribe, alter, limit or in any way change the present law as to the quantity or percentage of alcohol used in the manufacturing of wine or other alcoholic beverages.
- 11 **Sec. 203.** RCW 66.08.070 and 1985 c 226 s 2 are each amended to 12 read as follows:
  - (1) Every order for the purchase of liquor shall be authorized by the board, and no order for liquor shall be valid or binding unless it is so authorized and signed by the board or its authorized designee.
- 16 (2) A duplicate of every such order shall be kept on file in the office of the board.
  - (3) All cancellations of such orders made by the board shall be signed in the same manner and duplicates thereof kept on file in the office of the board. Nothing in this title shall be construed as preventing the board from accepting liquor on consignment.
- (4) In the purchase of wine or malt beverages the board shall not require, as a term or condition of purchase, any warranty or affirmation with respect to the relationship of the price charged the board to any price charged any other buyer.
- 26 <u>(5) This section does not apply to liquor franchises pursuant to</u> 27 <u>this title.</u>
- 28 **Sec. 204.** RCW 66.08.130 and 1981 1st ex.s. c 5 s 4 are each 29 amended to read as follows:

For the purpose of obtaining information concerning any matter relating to the administration or enforcement of this title, the board, or any person appointed by it in writing for the purpose, may inspect the books and records of

- (1) any manufacturer;
- 35 (2) any license holder;

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(3) <u>any liquor franchise holder;</u>

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(4) any drug store holding a permit to sell on prescriptions;

(((4))) (5) the freight and express books and records and all waybills, bills of lading, receipts and documents in the possession of any common carrier doing business within the state, containing any information or record relating to any goods shipped or carried, or consigned or received for shipment or carriage within the state. Every manufacturer, license holder, <u>liquor franchise holder</u>, drug store holding a permit to sell on prescriptions, and common carrier, and every owner or officer or employee of the foregoing, who neglects or refuses to produce and submit for inspection any book, record or document referred to in this section when requested to do so by the board or by a person so appointed by it shall be guilty of a violation of this title. 

**Sec. 205.** RCW 66.08.140 and 1945 c 48 s 1 are each amended to read 15 as follows:

For the purpose of obtaining information concerning any matter relating to the administration or enforcement of this title, the board, or any person appointed by it in writing for the purpose, may inspect the books, documents and records of any person lending money to or in any manner financing any license, or liquor franchise agreement, holder or applicant for license, or liquor franchise holder insofar as such books, documents and/or records pertain to the financial transaction involved. Every person who neglects or refuses to produce and submit for inspection any book, record or document as required by this section when requested to do so by the board or by a person duly appointed by it shall be guilty of a violation of this title.

**Sec. 206.** RCW 66.08.150 and 1989 c 175 s 122 are each amended to 28 read as follows:

The action, order, or decision of the board as to any denial of an application for the reissuance of a permit  $((\Theta r))_{\perp}$  license, or liquor franchise agreement or as to any revocation, suspension, or modification of any permit  $((\Theta r))_{\perp}$  license, or liquor franchise agreement shall be an adjudicative proceeding and subject to the applicable provisions of chapter 34.05 RCW.

35 (1) An opportunity for a hearing may be provided an applicant for the reissuance of a permit  $((or))_{,}$  license, or liquor franchise

<u>agreement</u> prior to the disposition of the application, and if no such opportunity for a prior hearing is provided then an opportunity for a hearing to reconsider the application must be provided the applicant.

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- (2) An opportunity for a hearing must be provided a permittee  $((\Theta r))_{\perp}$  licensee, or liquor franchise holder prior to a revocation or modification of any permit  $((\Theta r))_{\perp}$  license, or liquor franchise agreement and, except as provided in subsection (4) of this section, prior to the suspension of any permit  $((\Theta r))_{\perp}$  license, or liquor franchise agreement.
- 10 (3) No hearing shall be required until demanded by the applicant, 11 permittee, ((or)) licensee, or liquor franchise holder.
  - (4) The board may summarily suspend a license ((er)), permit, or liquor franchise agreement for a period of up to thirty days without a prior hearing if it finds that public health, safety, or welfare imperatively require emergency action, and incorporates a finding to that effect in its order; and proceedings for revocation or other action must be promptly instituted and determined.
- **Sec. 207.** RCW 66.24.010 and 2002 c 119 s 3 are each amended to 19 read as follows:
  - (1) Every license <u>and liquor franchise agreement</u> shall be issued in the name of the applicant, and the holder thereof shall not allow any other person to use the license.
  - (2) For the purpose of considering any application for a license or liquor franchise agreement, the board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license or liquor franchise agreement and for considering the denial, suspension or revocation of any license or liquor franchise agreement, the liquor control board may consider any prior criminal conduct of the applicant including a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted

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- 1 to the federal bureau of investigation. The provisions of RCW 9.95.240
- 2 and of chapter 9.96A RCW shall not apply to such cases. The board may,
- 3 in its discretion, grant or refuse the license or liquor franchise
- 4 <u>agreement</u> applied for. Authority to approve an uncontested or
- 5 unopposed license or liquor franchise agreement may be granted by the
- 6 board to any staff member the board designates in writing. Conditions
- 7 for granting such authority shall be adopted by rule. No retail
- 8 license or liquor franchise agreement of any kind may be issued to:
- 9 (a) A person who has not resided in the state for at least one 10 month prior to making application, except in cases of licenses <u>or</u> 11 <u>liquor franchise agreements</u> issued to dining places on railroads,
- 12 boats, or aircraft;

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- 13 (b) A copartnership, unless all of the members thereof are 14 qualified to obtain a license or liquor franchise agreement, as
- 15 provided in this section;
- 16 (c) A person whose place of business is conducted by a manager or agent, unless such manager or agent possesses the same qualifications required of the licensee or liquor franchise holder;
- (d) A corporation or a limited liability company, unless it was created under the laws of the state of Washington or holds a certificate of authority to transact business in the state of Washington.
  - (3)(a) The board may, in its discretion, subject to the provisions of RCW 66.08.150, suspend or cancel any license or liquor franchise agreement; and all rights of the licensee or liquor franchise holder to keep or sell liquor thereunder shall be suspended or terminated, as the case may be.
- (b) The board shall immediately suspend the license ((or)), 28 certificate, or liquor franchise agreement of a person who has been 29 certified pursuant to RCW 74.20A.320 by the department of social and 30 31 health services as a person who is not in compliance with a support 32 order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license ((or)), 33 certificate, or liquor franchise agreement shall be automatic upon the 34 board's receipt of a release issued by the department of social and 35 36 health services stating that the licensee or liquor franchise holder is 37 in compliance with the order.

(c) The board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, under such rules and regulations as the board may adopt.

- (d) Witnesses shall be allowed fees and mileage each way to and from any such inquiry, investigation, hearing, or proceeding at the rate authorized by RCW 34.05.446, as now or hereafter amended. Fees need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.
- (e) In case of disobedience of any person to comply with the order of the board or a subpoena issued by the board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, shall compel obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.
- (4) Upon receipt of notice of the suspension or cancellation of a license or liquor franchise agreement, the licensee or liquor franchise holder shall forthwith deliver up the license or liquor franchise agreement to the board. Where the license or liquor franchise agreement has been suspended only, the board shall return the license or liquor franchise agreement to the licensee or liquor franchise holder at the expiration or termination of the period of suspension. The board shall notify all vendors in the city or place where the licensee or liquor franchise holder has its premises of the suspension or cancellation of the license or liquor franchise agreement; and no employee may allow or cause any liquor to be delivered to or for any person at the premises of that licensee or liquor franchise holder.
- (5)(a) At the time of the original issuance of a spirits, beer, and wine restaurant license, the board shall prorate the license fee charged to the new licensee according to the number of calendar quarters, or portion thereof, remaining until the first renewal of that license is required.

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(b) Unless sooner canceled, every license issued by the board shall expire at midnight of the thirtieth day of June of the fiscal year for which it was issued. However, if the board deems it feasible and desirable to do so, it may establish, by rule pursuant to chapter 34.05 RCW, a system for staggering the annual renewal dates for any and all licenses authorized by this chapter. If such a system of staggered annual renewal dates is established by the board, the license fees provided by this chapter shall be appropriately prorated during the first year that the system is in effect.

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- (6) Every license <u>or liquor franchise agreement</u> issued under this section shall be subject to all conditions and restrictions imposed by this title or by the regulations in force from time to time. All conditions and restrictions imposed by the board in the issuance of an individual license <u>or liquor franchise agreement</u> shall be listed on the face of the individual license <u>or liquor franchise agreement</u> along with the trade name, address, and expiration date.
- (7) Every licensee <u>or liquor franchise holder</u> shall post and keep posted its license, or licenses, <u>or liquor franchise agreement</u> in a conspicuous place on the premises.
- (8) Before the board shall issue a license or liquor franchise agreement to an applicant it shall give notice of such application to the chief executive officer of the incorporated city or town, if the application be for a license or liquor franchise agreement within an incorporated city or town, or to the county legislative authority, if the application be for a license or liquor franchise agreement outside the boundaries of incorporated cities or towns; and such incorporated city or town, through the official or employee selected by it, or the county legislative authority or the official or employee selected by it, shall have the right to file with the board within twenty days after date of transmittal of such notice, written objections against the applicant or against the premises for which the license or liquor franchise agreement is asked, and shall include with such objections a statement of all facts upon which such objections are based, and in case written objections are filed, may request and the liquor control board may in its discretion hold a formal hearing subject to the applicable provisions of Title 34 RCW. Upon the granting of a license or liquor franchise agreement under this title the board shall send a duplicate of the license or liquor franchise agreement or written

notification to the chief executive officer of the incorporated city or town in which the license or liquor franchise agreement is granted, or to the county legislative authority if the license or liquor franchise agreement is granted outside the boundaries of incorporated cities or towns.

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(9) Before the board issues any license or liquor franchise agreement to any applicant, it shall give (a) due consideration to the location of the business to be conducted under such license or liquor <u>franchise agreement</u> with respect to the proximity of churches, schools, and public institutions and (b) written notice by certified mail of the application to churches, schools, and public institutions within five hundred feet of the premises ((to be licensed)). The board shall issue no beer retailer license for either on-premises or off-premises consumption or wine retailer license for either on-premises or offpremises consumption or spirits, beer, and wine restaurant license covering any premises not now licensed, if such premises are within five hundred feet of the premises of any tax-supported public elementary or secondary school measured along the most direct route over or across established public walks, streets, or other public passageway from the outer property line of the school grounds to the nearest public entrance of the premises proposed for license or liquor franchise agreement, and if, after receipt by the school or public institution of the notice as provided in this subsection, the board receives written notice, within twenty days after posting such notice, from an official representative or representatives of the school within five hundred feet of said proposed licensed premises, indicating to the board that there is an objection to the issuance of such license or liquor franchise agreement because of proximity to a school. For the purpose of this section, church shall mean a building erected for and used exclusively for religious worship and schooling or other activity in connection therewith. No liquor license may be issued or reissued by the board to any motor sports facility ((or)), licensee, or liquor franchise holder operating within the motor sports facility unless the motor sports facility enforces a program reasonably calculated to prevent alcohol or alcoholic beverages not purchased within the facility from entering the facility and such program is approved by local law enforcement agencies. It is the intent under this subsection that a retail license or liquor franchise agreement shall not be issued

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by the board where doing so would, in the judgment of the board, adversely affect a private school meeting the requirements for private schools under Title 28A RCW, which school is within five hundred feet of the proposed licensee or liquor franchise holder. The board shall fully consider and give substantial weight to objections filed by private schools. If a license or liquor franchise agreement is issued despite the proximity of a private school, the board shall state in a letter addressed to the private school the board's reasons for issuing the license or liquor franchise agreement. 

- (10) The restrictions set forth in subsection (9) of this section shall not prohibit the board from authorizing the assumption of existing licenses now located within the restricted area by other persons or licenses or relocations of existing licensed premises within the restricted area. In no case may the licensed premises be moved closer to a church or school than it was before the assumption or relocation.
- (11) Nothing in this section prohibits the board, in its discretion, from issuing a temporary retail or distributor license to an applicant assuming an existing retail or distributor license to continue the operation of the retail or distributor premises during the period the application for the license is pending and when the following conditions exist:
- (a) The licensed premises has been operated under a retail or distributor license within ninety days of the date of filing the application for a temporary license;
- (b) The retail or distributor license for the premises has been surrendered pursuant to issuance of a temporary operating license;
- (c) The applicant for the temporary license has filed with the board an application to assume the retail or distributor license at such premises to himself or herself; and
- (d) The application for a temporary license is accompanied by a temporary license fee established by the board by rule.

A temporary license issued by the board under this section shall be for a period not to exceed sixty days. A temporary license may be extended at the discretion of the board for an additional sixty-day period upon payment of an additional fee and upon compliance with all conditions required in this section.

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Refusal by the board to issue or extend a temporary license shall not entitle the applicant to request a hearing. A temporary license may be canceled or suspended summarily at any time if the board determines that good cause for cancellation or suspension exists. RCW 66.08.130 and chapter 34.05 RCW shall apply to temporary licenses.

Application for a temporary license shall be on such form as the board shall prescribe. If an application for a temporary license is withdrawn before issuance or is refused by the board, the fee which accompanied such application shall be refunded in full.

**Sec. 208.** RCW 66.24.012 and 1997 c 58 s 862 are each amended to 11 read as follows:

The board shall immediately suspend the license or liquor franchise agreement of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or liquor franchise agreement shall be automatic upon the board's receipt of a release issued by the department of social and health services stating that the licensee or liquor franchise holder is in compliance with the order.

**Sec. 209.** RCW 66.24.015 and 1988 c 200 s 4 are each amended to 23 read as follows:

An application for a new annual retail license under this title shall be accompanied by payment of a nonrefundable seventy-five dollar fee to cover expenses incurred in processing the application. If the application is approved, the application fee shall be applied toward the fee charged for the license. An application for a liquor franchise agreement under this title shall be accompanied by a nonrefundable fee to be determined by the board by rule. If the liquor franchise application is approved, the application fee shall be applied toward the fee charged for the license.

- **Sec. 210.** RCW 66.24.025 and 2002 c 119 s 4 are each amended to read as follows:
  - (1) If the board approves, a license or liquor franchise agreement

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may be transferred, without charge, to the surviving spouse only of a 1 2 deceased licensee or liquor franchise holder if the parties were maintaining a marital community and the license or liquor franchise 3 agreement was issued in the names of one or both of the parties. For 4 5 the purpose of considering the qualifications of the surviving party or parties to receive a liquor license or liquor franchise agreement, the 6 7 liquor control board may require a criminal history record information The board may submit the criminal history record information 8 9 check to the Washington state patrol and to the identification division 10 of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the 11 12 individual or individuals who filled out the forms. The board shall 13 require fingerprinting of any applicant whose criminal history record 14 information check is submitted to the federal bureau of investigation.

- (2) The proposed sale of more than ten percent of the outstanding and/or issued stock of a licensed corporation or any proposed change in the officers of a licensed corporation must be reported to the board, and board approval must be obtained before such changes are made. A fee of seventy-five dollars will be charged for the processing of such change of stock ownership and/or corporate officers.
- 21 **Sec. 211.** RCW 66.24.120 and 1973 1st ex.s. c 209 s 12 are each 22 amended to read as follows:
- The board in suspending any license <u>or liquor franchise agreement</u>
  may further provide in the order of suspension that such suspension
  shall be vacated upon payment to the board by the licensee <u>or liquor</u>
  franchise holder of a monetary penalty in an amount then fixed by the
  board.
- 28 **Sec. 212.** RCW 66.44.200 and 1998 c 259 s 1 are each amended to 29 read as follows:
- 30 (1) No person shall sell any liquor to any person apparently under 31 the influence of liquor.
- (2)(a) No person who is apparently under the influence of liquor may purchase or consume liquor on any premises licensed by the board or any liquor franchise designated by the board.
- 35 (b) A violation of this subsection is an infraction punishable by 36 a fine of not more than five hundred dollars.

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19 20 1 (c) A defendant's intoxication may not be used as a defense in an action under this subsection.

- (d) Until July 1, 2000, every establishment licensed under RCW 66.24.330 or 66.24.420 shall conspicuously post in the establishment notice of the prohibition against the purchase or consumption of liquor under this subsection.
- (3) An administrative action for violation of subsection (1) of this section and an infraction issued for violation of subsection (2) of this section arising out of the same incident are separate actions and the outcome of one shall not determine the outcome of the other.
- **Sec. 213.** RCW 66.44.318 and 1995 c 100 s 2 are each amended to 12 read as follows:

Licensees holding nonretail class liquor licenses <u>and liquor</u>
franchise holders are permitted to allow their employees between
(([the])) the ages of eighteen and twenty-one to stock, merchandise,
and handle beer or wine on or about the nonretail premises if there is
an adult twenty-one years of age or older on duty supervising such
activities on the premises.

**Sec. 214.** RCW 66.44.340 and 1999 c 281 s 11 are each amended to 20 read as follows:

Employers holding grocery store or beer and/or wine specialty shop licenses and liquor franchise holders exclusively are permitted to allow their employees, between the ages of eighteen and twenty-one years, to sell, stock, and handle beer or wine in, on or about any establishment holding a grocery store or beer and/or wine specialty shop license exclusively: PROVIDED, That there is an adult twenty-one years of age or older on duty supervising the sale of liquor at the licensed premises: PROVIDED, That minor employees may make deliveries of beer and/or wine purchased from licensees holding grocery store or beer and/or wine specialty shop licenses exclusively, when delivery is made to cars of customers adjacent to such licensed premises but only, however, when the minor employee is accompanied by the purchaser.

- NEW SECTION. Sec. 215. A new section is added to chapter 66.08 RCW to read as follows:
- 35 (1) By July 1, 2005, the board must close all state liquor stores

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- 1 and state liquor distribution facilities, and must sell at auction all
- 2 assets pertaining to the state sale and distribution of liquor. Funds
- 3 received from these auctions shall be deposited in the state general 4 fund.
- 5 (2) By July 1, 2005, the board must:

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- 6 (a) Determine liquor franchise areas throughout the state in which 7 a certain number of liquor franchises can be located;
  - (b) Establish criteria for the placement of liquor franchises in liquor franchise areas, including input gained from cities, counties, towns, schools, churches, and public institutions pursuant to RCW 66.24.010, and the amount of the bid submitted by the liquor franchise applicant;
- 13 (c) Collect information from incorporated cities and towns 14 regarding acceptable locations for liquor franchises within their 15 boundaries. The board must not locate liquor franchises in any 16 locations that have not been deemed acceptable by cities and towns; and
- 17 (d) Award liquor franchise agreements to applicants in all liquor 18 franchise areas.
- 19 (3) The board shall provide an orderly transition from state liquor 20 store sales to liquor franchise sales.
- 21 (4) After July 1, 2005, it is unlawful for the board to lease space 22 for or to operate a state retail or wholesale liquor store.
- 23 (5) Nothing in this section shall be construed to eliminate liquor vendors as referenced in RCW 66.08.050.
  - (6) The board may adopt rules to carry out the provisions of this section. These rules may include, but are not limited to:
  - (a) The establishment of franchise agreement periods, expiration dates, and renewal procedures;
    - (b) The enumeration of records to be kept by franchise holders;
- 30 (c) The procedures for advertising and other promotion of sales of spirits by liquor franchise holders, in accordance with RCW 66.08.060; and
- 33 (d) The establishment of fees and administrative penalties for 34 liquor franchise holders.
- 35 (7) The price of liquor sold at liquor franchises must be set by 36 each liquor franchise holder, but cannot be less than the price the 37 franchise holder paid to obtain the liquor, including any applicable 38 taxes.

1 (8) The board shall determine the hours and days during which 2 liquor may be sold at liquor franchises.

## PART III - FUTURE CHANGES

Sec. 301. RCW 66.04.010 and 2003 c ... s 201 (section 201 of this act) are each amended to read as follows:

In this title, unless the context otherwise requires:

- (1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.
- (2) "Beer" means any malt beverage or malt liquor as these terms are defined in this chapter.
- (3) "Beer distributor" means a person who buys beer from a brewer or brewery located either within or beyond the boundaries of the state, beer importers, or foreign produced beer from a source outside the state of Washington, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.
- (4) "Beer importer" means a person or business within Washington who purchases beer from a United States brewery holding a certificate of approval (B5) or foreign produced beer from a source outside the state of Washington for the purpose of selling the same pursuant to this title.
- (5) "Brewer" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

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- 1 (6) "Board" means the liquor control board, constituted under this title.
- 3 (7) "Club" means an organization of persons, incorporated or 4 unincorporated, operated solely for fraternal, benevolent, educational, 5 athletic or social purposes, and not for pecuniary gain.
- 6 (8) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.
  - (9) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.
- 11 (10) "Distiller" means a person engaged in the business of 12 distilling spirits.
- 13 (11) "Domestic brewery" means a place where beer and malt liquor 14 are manufactured or produced by a brewer within the state.
- 15 (12) "Domestic winery" means a place where wines are manufactured 16 or produced within the state of Washington.
  - (13) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.
  - (14) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.
  - (15) "Employee" means any person employed by the board((, including a vendor, as hereinafter in this section defined)).
  - (16) "Fund" means 'liquor revolving fund.'

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(17) "Hotel" means every building or other structure kept, used, maintained, advertised or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building and buildings, in connection therewith, and such structure or structures being provided, in the judgment of the board, with adequate and sanitary kitchen and dining room equipment and capacity, for preparing, cooking and serving suitable food for its guests: PROVIDED

- 1 FURTHER, That in cities and towns of less than five thousand 2 population, the board shall have authority to waive the provisions 3 requiring twenty or more rooms.
  - (18) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.
    - (19) "Imprisonment" means confinement in the county jail.

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- (20) "Liquor" includes the four varieties of liquor herein defined 8 (alcohol, spirits, wine and beer), and all fermented, spirituous, 9 vinous, or malt liquor, or combinations thereof, and mixed liquor, a 10 part of which is fermented, spirituous, vinous or malt liquor, or 11 otherwise intoxicating; and every liquid or solid or semisolid or other 12 substance, patented or not, containing alcohol, spirits, wine or beer, 13 and all drinks or drinkable liquids and all preparations or mixtures 14 capable of human consumption, and any liquid, semisolid, solid, or 15 other substance, which contains more than one percent of alcohol by 16 17 weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or 18 less of alcohol by weight. 19
  - (21) "Liquor franchise" means a specific location designated by the board where spirits may be sold in original packages for off-premises consumption, or where liquor may be sold to holders of a permit to purchase.
  - (22) "Liquor franchise agreement" means approval by the board to operate a liquor franchise in accordance with the provisions of this title.
    - (23) "Liquor franchise applicant" means any person who bids for a liquor franchise agreement to sell spirits in accordance with the provisions of this title.
- 30 (24) "Liquor franchise area" means a geographic area designated as 31 such by the board for the purpose of issuing franchises.
- 32 (25) "Liquor franchise holder" means a person who has been granted 33 a liquor franchise agreement in accordance with the provisions of this 34 title.
- 35 (26) "Manufacturer" means a person engaged in the preparation of 36 liquor for sale, in any form whatsoever.
- 37 (27) "Malt beverage" or "malt liquor" means any beverage such as 38 beer, ale, lager beer, stout, and porter obtained by the alcoholic

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- fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the
- 6 percent of alcohol by weight shall be referred to as "strong beer."
  7 (28) "Package" means any container or receptacle used for holding

purposes of this title, any such beverage containing more than eight

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- 8 liquor.
- 9 (29) "Permit" means a permit for the purchase of liquor under this 10 title.
- 11 (30) "Person" means an individual, copartnership, association, or corporation.
- 13 (31) "Physician" means a medical practitioner duly and regularly 14 licensed and engaged in the practice of his profession within the state 15 pursuant to chapter 18.71 RCW.
  - (32) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.
  - (33) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.
  - (34) "Regulations" means regulations made by the board under the powers conferred by this title.
- 36 (35) "Restaurant" means any establishment provided with special 37 space and accommodations where, in consideration of payment, food,

without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

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- (36) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.
- 15 (37) "Soda fountain" means a place especially equipped with 16 apparatus for the purpose of dispensing soft drinks, whether mixed or 17 otherwise.
  - (38) "Spirits" means any beverage which contains alcohol obtained by distillation, including wines exceeding twenty-four percent of alcohol by volume and beer exceeding eight percent of alcohol by weight.
- 22 (39) ((<del>"Store" means a state liquor store established under this</del> 23 <del>title.</del>
  - (40))) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.
  - ((41) "Vendor" means a person employed by the board as a store manager under this title.
- (42))) (40) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.
  - ((\(\frac{43}{1}\))) (\(\frac{41}{1}\)] "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol

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by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (a) Wines that are both sealed or capped by cork closure and aged two years or more; and (b) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

((44))) (42) "Wine distributor" means a person who buys wine from a vintner or winery located either within or beyond the boundaries of the state for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

((45)) (43) "Wine importer" means a person or business within Washington who purchases wine from a United States winery holding a certificate of approval (W7) or foreign produced wine from a source outside the state of Washington for the purpose of selling the same pursuant to this title.

**Sec. 302.** RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended to read as follows:

25 The administration of this title((, including the general control, 26 management and supervision of all liquor stores,)) shall be vested in 27 the liquor control board, constituted under this title.

- **Sec. 303.** RCW 66.08.030 and 2003 c ... s 202 (section 202 of this 29 act) are each amended to read as follows:
  - (1) For the purpose of carrying into effect the provisions of this title according to their true intent or of supplying any deficiency therein, the board may make such regulations not inconsistent with the spirit of this title as are deemed necessary or advisable. All regulations so made shall be a public record and shall be filed in the office of the code reviser, and thereupon shall have the same force and

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effect as if incorporated in this title. Such regulations, together with a copy of this title, shall be published in pamphlets and shall be distributed as directed by the board.

- (2) Without thereby limiting the generality of the provisions contained in subsection (1), it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to
- (a) ((regulating the equipment and management of liquor franchises and stores and warehouses in which state liquor is sold or kept, and prescribing the books and records to be kept therein and the reports to be made thereon to the board;
- (b))) prescribing the duties of the employees of the board, and regulating their conduct in the discharge of their duties;
- (((c) governing the purchase of liquor by the state and the furnishing of liquor to stores established under this title;
- (d) determining the classes, varieties, and brands of liquor to be kept for sale at any store;
- (e) prescribing, subject to RCW 66.16.080, the hours during which the state liquor stores shall be kept open for the sale of liquor;
- (f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this title;
- (g))) (b) prescribing an official seal and official labels and stamps and determining the manner in which they shall be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different classes of liquor;
- (((h) providing for the payment by the board in whole or in part of the carrying charges on liquor shipped by freight or express;
- (i)) (c) prescribing forms to be used for purposes of this title or the regulations, and the terms and conditions to be contained in permits and licenses issued under this title, and the qualifications for receiving a permit or license issued under this title, including a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who

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filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

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- $((\frac{1}{2}))$  (d) prescribing the fees payable in respect of permits and licenses and liquor franchise agreements issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or permitted to be done under the regulations;
- $((\frac{k}{k}))$  (e) prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;
- $((\frac{1}{1}))$  (f) regulating the sale of liquor kept by the holders of licenses and liquor franchise agreements which entitle the holder to purchase and keep liquor for sale;
  - $((\frac{m}{}))$  (g) prescribing the records of purchases or sales of liquor kept by the holders of licenses and liquor franchise agreements, and the reports to be made thereon to the board, and providing for inspection of the records so kept;
  - $((\frac{n}{n}))$  (h) prescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;
  - $((\frac{1}{1}))$  (i) prescribing the manner of giving and serving notices required by this title or the regulations, where not otherwise provided for in this title;
  - $((\frac{p}{p}))$  (j) regulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;
  - $((\frac{q}))$  (k) prescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensing clubs in any municipality or other locality, and providing for the inspection of clubs;
- $((\frac{r}{r}))$  (1) prescribing the conditions, accommodations and qualifications requisite for the obtaining of licenses to sell beer and wines, and regulating the sale of beer and wines thereunder;

((+s)) (m) specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

((\(\frac{(t)}{(t)}\)) (n) providing for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns;

 $((\frac{u}{u}))$  (o) providing for the making of returns by the wholesalers of beer whose breweries are located beyond the boundaries of the state;

 $((\frac{v}))$  (p) providing for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such return;

 $((\frac{w}{w}))$  (q) providing for the giving of fidelity bonds by any or all of the employees of the board: PROVIDED, That the premiums therefor shall be paid by the board;

 $((\frac{x}{x}))$  <u>(r)</u> providing for the shipment by mail or common carrier of liquor to any person holding a permit and residing in any unit which has, by election pursuant to this title, prohibited the sale of liquor therein;

 $((\frac{y}{y}))$  (s) prescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees and the board; and conducting from time to time, in the interest of the public health and general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

 $((\frac{1}{2}))$  (t) seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not conform in all respects to the standards prescribed by this title or the regulations of the board: PROVIDED, Nothing herein contained shall be construed as authorizing the liquor board to prescribe, alter, limit or in any way change the present law as to the

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quantity or percentage of alcohol used in the manufacturing of wine or ther alcoholic beverages.

**Sec. 304.** RCW 66.08.050 and 1997 c 228 s 1 are each amended to 4 read as follows:

The board, subject to the provisions of this title and the rules, shall:

- (1) ((Determine the localities within which state liquor stores shall be established throughout the state, and the number and situation of the stores within each locality;
- (2) Appoint in cities and towns and other communities, in which no state liquor store is located, liquor vendors. In addition,)) The board may appoint, in its discretion, a manufacturer that also manufactures liquor products other than wine under a license under this title, as a vendor for the purpose of sale of liquor products of its own manufacture on the licensed premises only. ((Such liquor vendors shall be agents of the board and be authorized to sell liquor to such persons, firms or corporations as provided for the sale of liquor from a state liquor store, and)) Such vendors shall be subject to such additional rules and regulations consistent with this title as the board may require;
- 21 ((<del>(3)</del> Establish all necessary warehouses for the storing and 22 bottling, diluting and rectifying of stocks of liquors for the purposes 23 of this title;
  - (4) Provide for the leasing for periods not to exceed ten years of all premises required for the conduct of the business; and for remodeling the same, and the procuring of their furnishings, fixtures, and supplies; and for obtaining options of renewal of such leases by the lessee. The terms of such leases in all other respects shall be subject to the direction of the board;
  - (5))) (2) Determine the nature, form and capacity of all packages to be used for containing liquor kept for sale under this title;
- $((\frac{(6)}{(6)}))$  (3) Execute or cause to be executed, all contracts, papers, and documents in the name of the board, under such regulations as the board may fix;
- $((\frac{7}{}))$  And Pay all customs, duties, excises, charges and obligations whatsoever relating to the business of the board;

((8) Require bonds from all employees in the discretion of the board, and to determine the amount of fidelity bond of each such employee;

(9))) (5) Perform services for the state lottery commission to such extent, and for such compensation, as may be mutually agreed upon between the board and the commission;

((\(\frac{(10)}{10}\))) (6) Accept and deposit into the general fund-local account and disburse, subject to appropriation, federal grants or other funds or donations from any source for the purpose of improving public awareness of the health risks associated with alcohol consumption by youth and the abuse of alcohol by adults in Washington state. The board's alcohol awareness program shall cooperate with federal and state agencies, interested organizations, and individuals to effect an active public beverage alcohol awareness program;

((\(\frac{(11)}{11}\)) (7) Perform all other matters and things, whether similar to the foregoing or not, to carry out the provisions of this title, and shall have full power to do each and every act necessary to the conduct of its business, including all buying, selling, preparation and approval of forms, and every other function of the business whatsoever, subject only to audit by the state auditor: PROVIDED, That the board shall have no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct being provoked by such language.

Sec. 305. RCW 66.12.110 and 1999 c 281 s 3 are each amended to read as follows:

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

Such entry of alcoholic beverages in excess of that herein provided may be authorized by the board upon payment of ((an equivalent markup and tax as would be applicable to the purchase of the same or similar liquor at retail from a Washington state liquor store)) state sales tax. The board shall adopt appropriate regulations pursuant to chapter 34.05 RCW for the purpose of carrying out the provisions of this

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- 1 section. The board may issue a spirits, beer, and wine private club
- 2 license to a charitable or nonprofit corporation of the state of
- 3 Washington, the majority of the officers and directors of which are
- 4 United States citizens and the minority of the officers and directors
- of which are citizens of the Dominion of Canada, and where the location
- of the premises for such spirits, beer, and wine private club license
- 7 is not more than ten miles south of the border between the United
- 8 States and the province of British Columbia.
- 9 **Sec. 306.** RCW 66.12.120 and 1995 c 100 s 1 are each amended to 10 read as follows:
- 11 Notwithstanding any other provision of Title 66 RCW, a person
- 12 twenty-one years of age or over may, free of tax and markup, for
- 13 personal or household use, bring into the state of Washington from
- 14 another state no more than once per calendar month up to two liters of
- 15 spirits or wine or two hundred eighty-eight ounces of beer.
- 16 Additionally, such person may be authorized by the board to bring into
- 17 the state of Washington from another state a reasonable amount of
- 18 alcoholic beverages in excess of that provided in this section for
- 19 personal or household use only upon payment of ((an equivalent markup
- 20 and tax as would be applicable to the purchase of the same or similar
- 21 liquor at retail from a state liquor store)) state sales tax. The
- 22 board shall adopt appropriate regulations pursuant to chapter 34.05 RCW
- 23 for the purpose of carrying into effect the provisions of this section.
- 24 Sec. 307. RCW 66.20.160 and 1973 1st ex.s. c 209 s 4 are each
- 25 amended to read as follows:
- Words and phrases as used in RCW 66.20.160 to 66.20.210, inclusive,
- 27 shall have the following meaning:
- 28 "Card of identification" means any one of those cards described in
- 29 RCW 66.16.040.
- 30 "Licensee" means the holder of a retail liquor license issued by
- 31 the board, and includes any employee or agent of the licensee.
- 32 (("Store employee" means a person employed in a state liquor store
- 33 or agency to sell liquor.))
- 34 "Liquor franchise holder" means a person who has been granted a
- 35 <u>liquor franchise agreement in accordance with the provisions of this</u>
- 36 <u>title.</u>

A card of identification may, for the purpose of this title and for the purpose of procuring liquor, be accepted as an identification card by any licensee or ((store employee)) liquor franchise holder and as evidence of legal age of the person presenting such card, provided the licensee or ((store employee)) liquor franchise holder complies with the conditions and procedures prescribed herein and such regulations as may be made by the board.

Sec. 309. RCW 66.20.180 and 1973 1st ex.s. c 209 s 6 are each amended to read as follows:

A card of identification shall be presented by the holder thereof upon request of any licensee, ((store employee,)) liquor franchise holder, peace officer, or enforcement officer of the board for the purpose of aiding the licensee, ((store employee,)) liquor franchise holder, peace officer, or enforcement officer of the board to determine whether or not such person is of legal age to purchase liquor when such person desires to procure liquor from a licensed establishment or state liquor store or agency.

**Sec. 310.** RCW 66.20.190 and 1981 1st ex.s. c 5 s 9 are each 21 amended to read as follows:

In addition to the presentation by the holder and verification by the licensee or ((store employee)) liquor franchise holder of such card of identification, the licensee or ((store employee)) liquor franchise holder who is still in doubt about the true age of the holder shall require the person whose age may be in question to sign a certification card and record an accurate description and serial number of his card of identification thereon. Such statement shall be upon a five-inch by eight-inch file card, which card shall be filed alphabetically by the licensee or ((store employee)) liquor franchise holder at or before the close of business on the day on which the statement is executed, in the file box containing a suitable alphabetical index and the card shall be subject to examination by any peace officer or agent or employee of the board at all times. The certification card shall also contain in bold-face type a statement stating that the signer understands that

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- 1 conviction for unlawful purchase of alcoholic beverages or misuse of 2 the certification card may result in criminal penalties including
- 3 imprisonment or fine or both.

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Sec. 311. RCW 66.20.200 and 2002 c 175 s 41 are each amended to read as follows:

6 It shall be unlawful for the owner of a card of identification to 7 transfer the card to any other person for the purpose of aiding such 8 person to procure alcoholic beverages from any licensee or ((store 9 employee)) liquor franchise holder. Any person who shall permit his or her card of identification to be used by another or transfer such card 10 11 to another for the purpose of aiding such transferee to obtain alcoholic beverages from a licensee or ((store employee)) liquor 12 franchise holder or gain admission to a premises or portion of a 13 premises classified by the board as off-limits to persons under twenty-14 15 one years of age, shall be guilty of a misdemeanor punishable as 16 provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars shall be imposed and any sentence requiring community 17 restitution shall require not fewer than twenty-five hours of community 18 restitution. Any person not entitled thereto who unlawfully procures 19 20 or has issued or transferred to him or her a card of identification, 21 and any person who possesses a card of identification not issued to him 22 or her, and any person who makes any false statement on any 23 certification card required by RCW 66.20.190, as now or hereafter 24 amended, to be signed by him or her, shall be guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of 25 26 two hundred fifty dollars shall be imposed and any sentence requiring 27 community restitution shall require not fewer than twenty-five hours of 28 community restitution.

29 **Sec. 312.** RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each 30 amended to read as follows:

No licensee or the agent or employee of the licensee, or ((store employee)) liquor franchise holder, shall be prosecuted criminally or be sued in any civil action for serving liquor to a person under legal age to purchase liquor if such person has presented a card of identification in accordance with RCW 66.20.180, and has signed a certification card as provided in RCW 66.20.190.

Such card in the possession of a licensee may be offered as a defense in any hearing held by the board for serving liquor to the person who signed the card and may be considered by the board as evidence that the licensee acted in good faith.

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- Sec. 313. RCW 66.24.395 and 1997 c 321 s 25 are each amended to read as follows:
- 7 (1)(a) There shall be a license that may be issued to corporations, 8 associations, or persons operating as federally licensed commercial 9 common passenger carriers engaged in interstate commerce, in or over territorial limits of the state of Washington on passenger trains, 10 11 vessels, or airplanes. Such license shall permit the sale of 12 spirituous liquor, wine, and beer at retail for passenger consumption within the state upon one such train passenger car, vessel, or 13 airplane, while in or over the territorial limits of the state. Such 14 15 license shall include the privilege of transporting into and storing 16 within the state such liquor for subsequent retail sale to passengers in passenger train cars, vessels or airplanes. The fees for such 17 master license shall be seven hundred fifty dollars per annum (class 18 19 CCI-1): PROVIDED, That upon payment of an additional sum of five 20 dollars per annum per car, or vessel, or airplane, the privileges 21 authorized by such license classes shall extend to additional cars, or 22 vessels, or airplanes operated by the same licensee within the state, 23 and a duplicate license for each additional car, or vessel, or airplane 24 shall be issued: PROVIDED, FURTHER, That such licensee may make such sales and/or service upon cars, or vessels, or airplanes in emergency 25 26 for not more than five consecutive days without such license: 27 PROVIDED, FURTHER, That such license shall be valid only while such cars, or vessels, or airplanes are actively operated as common carriers 28 29 for hire in interstate commerce and not while they are out of such common carrier service. 30
  - (b) Alcoholic beverages sold and/or served for consumption by such interstate common carriers while within or over the territorial limits of this state shall be subject to such ((board markup and)) state liquor taxes in an amount to approximate the revenue that would have been realized from such ((markup and)) taxes had the alcoholic beverages been purchased in Washington((: PROVIDED, That the board's

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- 1 markup shall be applied on spirituous liquor only)). Such common 2 carriers shall report such sales and/or service and pay ((such markup 3 and)) taxes in accordance with procedures prescribed by the board.
- 4 (2) Alcoholic beverages sold and delivered in this state to 5 interstate common carriers for use under the provisions of this section 6 shall be considered exported from the state, subject to the conditions 7 provided in subsection (1)(b) of this section. The storage facilities 8 for liquor within the state by common carriers licensed under this 9 section shall be subject to written approval by the board.
- 10 **Sec. 314.** RCW 66.32.010 and 1955 c 39 s 3 are each amended to read 11 as follows:

Except as permitted by the board, no liquor shall be kept or had by any person within this state unless the package in which the liquor was contained had, while containing that liquor, been sealed with the official seal adopted by the board, except in the case of:

(1) ((<del>Liquor imported by the board; or</del>

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- 17  $\frac{(2)}{(2)}$ ) Liquor manufactured in the state for ((sale to the board or 18  $\frac{for}{(2)}$ ) export; or
- 19  $((\frac{3}{3}))$  Beer, purchased in accordance with the provisions of 20 law; or
- 21  $\left(\left(\frac{4}{1}\right)\right)$  (3) Wine or beer exempted in RCW 66.12.010.
- 22 **Sec. 315.** RCW 66.44.150 and 1955 c 289 s 5 are each amended to 23 read as follows:
- If any person in this state buys alcoholic beverages from any person other than ((the board, a state liquor store, or)) some person authorized by the board to sell them, he shall be guilty of a misdemeanor.
- NEW SECTION. **sec. 316.** The following acts or parts of acts are each repealed:
- (1) RCW 66.08.070 (Purchase of liquor by board--Consignment not prohibited--Warranty or affirmation not required for wine or malt purchases) and 2003 c ... s 203 (section 203 of this act), 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s. c 62 s 67;
- 34 (2) RCW 66.08.160 (Acquisition of warehouse authorized) and 1947 c 35 134 s 1;

- 1 (3) RCW 66.08.220 (Liquor revolving fund--Separate account--2 Distribution) and 1999 c 281 s 2 & 1949 c 5 s 11;
- 3 (4) RCW 66.08.235 (Liquor control board construction and 4 maintenance account) and 2002 c 371 s 918 & 1997 c 75 s 1;
- 5 (5) RCW 66.16.010 (Board may establish--Price standards--Prices in special instances) and 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;
- 8 (6) RCW 66.16.030 (Vendor to be in charge) and 1933 ex.s. c 62 s 6;
- 9 (7) RCW 66.16.040 (Sales of liquor by employees--Identification 10 cards--Permit holders--Sales for cash--Exception) and 1996 c 291 s 1, 11 1995 c 16 s 1, 1981 1st ex.s. c 5 s 8, 1979 c 158 s 217, 1973 1st ex.s. 12 c 209 s 3, 1971 ex.s. c 15 s 1, 1959 c 111 s 1, & 1933 ex.s. c 62 s 7;
- 13 (8) RCW 66.16.041 (Credit and debit card purchases--Rules-14 Provision, installation, maintenance of equipment by board-15 Consideration of offsetting liquor revolving fund balance reduction-16 Report to legislature) and 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291
  17 s 2;
- 18 (9) RCW 66.16.050 (Sale of beer and wine to person licensed to 19 sell) and 1933 ex.s. c 62 s 8;
- 20 (10) RCW 66.16.060 (Sealed packages may be required, exception) and 21 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;
- 22 (11) RCW 66.16.070 (Liquor cannot be opened or consumed on store 23 premises) and 1933 ex.s. c 62 s 10;
- 24 (12) RCW 66.16.080 (Sunday closing) and 1988 c 101 s 1 & 1933 ex.s. 25 c 62 s 11;
- 26 (13) RCW 66.16.090 (Record of individual purchases confidential— 27 Penalty for disclosure) and 1933 ex.s. c 62 s 89;
- 28 (14) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 & 29 1987 c 386 s 5;
- 30 (15) RCW 66.16.110 (Birth defects from alcohol--Warning required) 31 and 1993 c 422 s 2;
- 32 (16) RCW 66.28.170 (Wine or malt beverage manufacturers--33 Discrimination in price to purchaser for resale prohibited) and 1997 c 34 321 s 50 & 1985 c 226 s 3; and
- 35 (17) RCW 66.28.180 (Price modification by certain persons, firms, or corporations--Board notification and approval--Intent--Price posting--Price filing, contracts, memoranda) and 1997 c 321 s 51, 1995 c 232 s 10, & 1985 c 226 s 4.

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## PART IV - MISCELLANEOUS

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- NEW SECTION. Sec. 401. (1) Sections 201 through 215 of this act take effect August 1, 2003.
- 4 (2) Sections 301 through 316 of this act take effect July 1, 2005.
- 5 <u>NEW SECTION.</u> **Sec. 402.** Part headings used in this act are not 6 part of the law.

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