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**SUBSTITUTE SENATE BILL 5982**

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**State of Washington**

**58th Legislature**

**2003 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Hewitt, Doumit, Horn and Reardon)

READ FIRST TIME 03/10/03.

1       AN ACT Relating to the liquor control board fully implementing a  
2 retail business plan; amending RCW 66.08.030, 66.08.050, 66.08.060, and  
3 41.06.380; adding new sections to chapter 66.08 RCW; adding a new  
4 section to chapter 66.16 RCW; creating a new section; and repealing RCW  
5 66.16.080.

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

7       NEW SECTION. **Sec. 1.** The legislature intends that the liquor  
8 control board shall generate additional revenues to state and local  
9 governments and be operated in a manner that improves efficiency. The  
10 legislature further intends that the liquor control board implement a  
11 retail business plan to support efficiency and increased revenue by  
12 expanding hours of sales to include Sundays, operating during the most  
13 efficient days and hours of sales, and devising and implementing  
14 additional strategies to maximize revenue-generating opportunities.  
15 The legislature finds that the eventual implementation of the liquor  
16 control board's merchandising business system will enable the board to  
17 make decisions about hours of sales and purchasing that will increase  
18 efficiency and revenues.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 66.08 RCW  
2 to read as follows:

3        The board shall devise a retail business plan to implement  
4 strategies to improve the efficiency and quality of retail sales  
5 operations and maximize revenue-generating opportunities. The board  
6 shall present the retail business plan and its supporting study under  
7 section 4 of this act to the appropriate policy and fiscal committees  
8 of the legislature by January 31, 2004. Strategies to be implemented  
9 include, but are not limited to:

10        (1) Expanding hours of retail sales operations to include Sunday  
11 sales in liquor stores as appropriate under subsection (2) of this  
12 section;

13        (2) Implementing store hours that will be of the best service to  
14 customers and generate the most revenue, based on the study in section  
15 4 of this act;

16        (3) Implementing a plan of in-store merchandising, including  
17 point-of-sale advertising, and product specific point-of-sale  
18 promotional displays and carousels, including displays designed and  
19 provided by vendors;

20        (4) Implementing a plan for in-store merchandising of brands and  
21 gift packs; and

22        (5) Appointing liquor vendors, as referenced in RCW 66.08.050, in  
23 any area that could support additional retail sales.

24        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 66.08 RCW  
25 to read as follows:

26        The board shall open ten state-operated retail stores on Sunday by  
27 September 1, 2003. The board shall select the ten stores that are  
28 expected to gross the most revenues on Sunday due to their proximity to  
29 shopping centers and other businesses that are open on Sunday, and  
30 other appropriate locations based on the experience of liquor stores in  
31 other states that have increased gross sales due to Sunday hours. The  
32 board shall open for at least five hours on Sunday, and shall adjust  
33 nonpeak hours without high sales during the week as appropriate to  
34 offset the costs of opening on Sunday to the extent possible without  
35 affecting revenues. Hours must also meet the needs of restaurants and  
36 taverns licensed under RCW 66.24.320, 66.24.330, and 66.24.400. To the

1 best of its ability, the board shall track gross sales and expenses at  
2 these stores and compare them to previous years' sales and projected  
3 sales and expenses prior to opening on Sunday.

4 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.08 RCW  
5 to read as follows:

6 In order to implement section 2 of this act, the board shall study  
7 the days and hours of Washington state liquor store operation that  
8 improve efficiency and yield maximum revenue for the state. The study  
9 shall include, but is not limited to:

10 (1) The hours and days of sale in Washington state liquor stores  
11 that generate the greatest sales based on data from the merchandising  
12 business system, the ten store openings under section 3 of this act,  
13 and other sources;

14 (2) Information about how the private retail sector and other  
15 control states have implemented hours that improve efficiency and  
16 increase revenues; and

17 (3) Information about what types of store locations in other states  
18 generate more revenue due to Sunday sales.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 66.16 RCW  
20 to read as follows:

21 Liquor vendors, as referenced in RCW 66.08.050, may sell liquor on  
22 Sundays but are not required to do so.

23 **Sec. 6.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to read  
24 as follows:

25 (1) For the purpose of carrying into effect the provisions of this  
26 title according to their true intent or of supplying any deficiency  
27 therein, the board may make such (~~(regulations)~~) rules not inconsistent  
28 with the spirit of this title as are deemed necessary or advisable.  
29 All (~~(regulations so made)~~) rules shall be a public record and shall be  
30 filed in the office of the code reviser, and (~~(thereupon)~~) shall have  
31 the same force and effect as if incorporated in this title. (~~(Such~~  
32 ~~regulations)~~) These rules, together with a copy of this title, shall be  
33 published in pamphlets and shall be distributed as directed by the  
34 board.

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

5 (a) Regulating the equipment and management of stores and  
6 warehouses in which state liquor is sold or kept, and prescribing the  
7 books and records to be kept therein and the reports to be made thereon  
8 to the board;

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

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

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

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

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

21 (g) Prescribing an official seal and official labels and stamps and  
22 determining the manner in which they shall be attached to every package  
23 of liquor sold or sealed under this title, including the prescribing of  
24 different official seals or different official labels for different  
25 classes of liquor;

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

28 (i) Prescribing forms to be used for purposes of this title or the  
29 (~~regulations~~) rules, and the terms and conditions to be contained in  
30 permits and licenses issued under this title, and the qualifications  
31 for receiving a permit or license issued under this title, including a  
32 criminal history record information check. The board may submit the  
33 criminal history record information check to the Washington state  
34 patrol and to the identification division of the federal bureau of  
35 investigation in order that these agencies may search their records for  
36 prior arrests and convictions of the individual or individuals who  
37 filled out the forms. The board shall require fingerprinting of any

1 applicant whose criminal history record information check is submitted  
2 to the federal bureau of investigation;

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

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

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

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

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

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

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

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

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

36 (s) Specifying and regulating the time and periods when, and the  
37 manner, methods, and means by which manufacturers shall deliver liquor

1 within the state; and the time and periods when, and the manner,  
2 methods, and means by which liquor may lawfully be conveyed or carried  
3 within the state;

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

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

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

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

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

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

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

1       **Sec. 7.** RCW 66.08.050 and 1997 c 228 s 1 are each amended to read  
2 as follows:

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

5       (1) Determine the localities within which state liquor stores shall  
6 be established throughout the state, and the number and situation of  
7 the stores within each locality;

8       (2) Appoint in cities and towns and other communities(~~(, in which~~  
9 ~~no state liquor store is located,)) liquor vendors. In addition, the  
10 board may appoint, in its discretion, a manufacturer that also  
11 manufactures liquor products other than wine under a license under this  
12 title, as a vendor for the purpose of sale of liquor products of its  
13 own manufacture on the licensed premises only. Such liquor vendors  
14 shall be agents of the board and be authorized to sell liquor to such  
15 persons, firms or corporations as provided for the sale of liquor from  
16 a state liquor store, and such vendors shall be subject to such  
17 additional rules and regulations consistent with this title as the  
18 board may require;~~

19       (3) Establish all necessary warehouses for the storing and  
20 bottling, diluting and rectifying of stocks of liquors for the purposes  
21 of this title;

22       (4) Provide for the leasing for periods not to exceed ten years of  
23 all premises required for the conduct of the business; and for  
24 remodeling the same, and the procuring of their furnishings, fixtures,  
25 and supplies; and for obtaining options of renewal of such leases by  
26 the lessee. The terms of such leases in all other respects shall be  
27 subject to the direction of the board;

28       (5) Determine the nature, form and capacity of all packages to be  
29 used for containing liquor kept for sale under this title;

30       (6) Execute or cause to be executed, all contracts, papers, and  
31 documents in the name of the board, under such regulations as the board  
32 may fix;

33       (7) Pay all customs, duties, excises, charges and obligations  
34 whatsoever relating to the business of the board;

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

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

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

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

22 **Sec. 8.** RCW 66.08.060 and 1933 ex.s. c 62 s 43 are each amended to  
23 read as follows:

24 (1) The board shall not advertise liquor in any form or through any  
25 medium whatsoever.

26 (2) The following is not considered advertising for the purposes of  
27 this section:

28 (a) Placement of signs that are visible through the window of  
29 retail stores indicating store hours or changes in store hours;

30 (b) Use of media designed to be informational regarding locations  
31 or hours of operation, or changes in hours of operation, of retail  
32 outlets; and

33 (c) In-store merchandising, including point-of-sale advertising,  
34 and product specific point-of-sale promotional displays and carousels,  
35 including displays designed and provided by vendors.

36 (3) The board shall have power to adopt any and all reasonable



1 ((regulations)) rules as to the kind, character, and location of  
2 advertising of liquor.

3 **Sec. 9.** RCW 41.06.380 and 1979 ex.s. c 46 s 2 are each amended to  
4 read as follows:

5 Nothing contained in this chapter shall prohibit any department, as  
6 defined in RCW 41.06.020, from purchasing services by contract with  
7 individuals or business entities if such services were regularly  
8 purchased by valid contract by such department prior to April 23, 1979:  
9 PROVIDED, That no such contract may be executed or renewed if it would  
10 have the effect of terminating classified employees or classified  
11 employee positions existing at the time of the execution or renewal of  
12 the contract: AND PROVIDED FURTHER, That this section does not apply  
13 to the liquor control board appointing liquor vendors, as referenced in  
14 RCW 66.08.050.

15 NEW SECTION. **Sec. 10.** RCW 66.16.080 (Sunday closing) and 1988 c  
16 101 s 1 & 1933 ex.s. c 62 s 11 are each repealed.

17 NEW SECTION. **Sec. 11.** If any provision of this act or its  
18 application to any person or circumstance is held invalid, the  
19 remainder of the act or the application of the provision to other  
20 persons or circumstances is not affected.

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