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HOUSE BILL 2846

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Alexander, Dammeier, Haler, Rodne, Angel, Schmick, and Ross

Read first time 01/15/10. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to contract liquor stores; amending RCW 66.08.026,  
2 66.08.150, 66.08.220, 66.24.440, 66.20.160, and 66.08.030; adding new  
3 sections to chapter 66.08 RCW; adding a new chapter to Title 66 RCW;  
4 and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that the state of  
7 Washington currently contracts out part of its retail liquor sales by  
8 allowing contract liquor stores to sell liquor. The legislature  
9 further finds that state liquor stores and contract liquor stores sell  
10 wine, in addition to spirits, and that private retailers must compete  
11 with the state and contract liquor stores in the sale of wine. The  
12 legislature intends that further contracting out of the state's retail  
13 liquor sales will result in a system that is more efficient than public  
14 sector retailing and that changing the distribution and sale of wine in  
15 the state and contract liquor stores will result in a system that is  
16 more equitable to private retailers. Therefore, the legislature  
17 intends to close a portion of the state's retail liquor stores, to  
18 contract out their operation to private individuals, and to monitor the  
19 impact of the store closures. The legislature further intends to

1 require the state and contract liquor stores to focus on the sale of  
2 spirits as their primary product and to follow the same rules as  
3 private retailers for the distribution of wine.

4 NEW SECTION. **Sec. 2.** (1) "Contract liquor store" means a  
5 privately owned business having an agreement with the board beginning  
6 after July 1, 2010, to sell spirits and wine in original packaging for  
7 off-premises consumption.

8 (2) "Contract liquor store manager" means an individual person  
9 appointed by the board who enters into an agreement to sell spirits and  
10 wine in original packaging for off-premises consumption on behalf of  
11 the board in a contract liquor store.

12 (3) "Contract liquor store agreement" means a written contract  
13 between the board and a contract liquor store manager that specifies  
14 the terms, conditions, and obligations between both parties.

15 (4) "State retail liquor store" or "state liquor store" means a  
16 state liquor store as used in chapter 66.16 RCW and does not include  
17 contract liquor stores.

18 NEW SECTION. **Sec. 3.** (1) A task force on the contracting out of  
19 liquor is created to advise the board as it implements further  
20 contracting out of liquor stores. The task force membership shall  
21 consist of:

22 (a) One member from each caucus of the senate, appointed by the  
23 president of the senate;

24 (b) One member from each caucus of the house of representatives,  
25 appointed by the speaker of the house of representatives;

26 (c) One representative of city governments, appointed jointly by  
27 the president of the senate and the speaker of the house of  
28 representatives;

29 (d) One representative of county governments, appointed jointly by  
30 the president of the senate and the speaker of the house of  
31 representatives;

32 (e) A representative of the liquor control board. The board shall  
33 cooperate with the task force and provide technical expertise and  
34 staffing as the task force may reasonably require;

35 (f) A representative of the governor's council on substance abuse.

1 (2) The task force shall choose its cochairs from among its  
2 membership.

3 (3) Each nonlegislative member of the task force is eligible to be  
4 reimbursed for travel expenses in accordance with RCW 43.03.050 and  
5 43.03.060. All expenses of the task force, including travel, shall be  
6 paid jointly by the senate and the house of representatives.

7 (4) The task force shall:

8 (a) Assist the board in determining which state liquor stores to  
9 close;

10 (b) Assist the board in determining criteria for awarding contract  
11 liquor store agreements.

12 (5) This section expires July 1, 2013.

13 NEW SECTION. **Sec. 4.** Notwithstanding any other provision of law,  
14 the board is directed to implement the closure of twenty-five state  
15 liquor stores between July 1, 2011, and December 1, 2011. When  
16 determining which liquor stores to close, the board must give due  
17 consideration to recommendations from the task force. A state liquor  
18 store may not be closed unless one contract liquor store exists in the  
19 area served by the liquor store, or unless the board determines that  
20 reasonable alternative access is available to persons who previously  
21 purchased products from the state liquor store that is closing.

22 NEW SECTION. **Sec. 5.** Nothing in this act shall be construed to  
23 require the closing of any contract liquor stores having contracts with  
24 the board before January 1, 2010, to sell liquor for off-premises  
25 consumption, or to require these contract liquor store managers to pay  
26 a fee to continue to operate their stores.

27 NEW SECTION. **Sec. 6.** (1) The board may locate one contract liquor  
28 store within the area served by a closing state retail liquor store.  
29 The total inventory granted to a contract liquor store when it opens  
30 must not exceed the total volume that would have been granted to the  
31 closing state liquor store if it was still in operation at that time.  
32 The board may increase or decrease the amount of the combined inventory  
33 at contract liquor stores if demand for products changes, provided that  
34 the guidelines for the change of inventory are the same as those for  
35 inventory changes at state retail liquor stores.

1 (2) The board shall determine the procedural guidelines of the  
2 contract liquor stores including, but not limited to, guidelines  
3 regarding inventory, performance standards, operations, and required  
4 reporting to the board.

5 (3) The board reserves the right to add, relocate, or close  
6 contract liquor stores. When adding, relocating, or closing contract  
7 liquor stores, the board must use the same decision process and  
8 criteria that it uses to add, close, or relocate state retail liquor  
9 stores and contract liquor stores. Neither the state of Washington nor  
10 the board is liable for any changes in the volume of alcohol sales that  
11 may occur following the addition, relocation, or closure of contract  
12 liquor stores.

13 NEW SECTION. **Sec. 7.** (1) The board must advertise the opportunity  
14 for a contract liquor store agreement in the daily newspaper in the  
15 county where the contract liquor store is to be located. The  
16 advertisement must include:

17 (a) The starting date of a contract liquor store agreement.

18 (b) General selection criteria and procedures for selecting and  
19 appointing a contract liquor store manager.

20 (c) Information on the costs involved in purchasing a contract  
21 liquor store agreement.

22 (d) Deadline for receiving applications.

23 (e) Directions for obtaining additional information.

24 (2) After the application deadline, a screening committee of board  
25 staff shall evaluate all applications according to the selection  
26 criteria specified in section 8 of this act and recommend applicants  
27 for an interview. A separate interview committee of board staff will  
28 then conduct personal interviews with the remaining applicants. The  
29 interview committee shall recommend finalists who are most qualified  
30 based on the selection criteria specified in section 8 of this act to  
31 the liquor control board members.

32 (3) If an appointed contract liquor store manager cannot begin  
33 operation of the contract liquor store by the required date, the liquor  
34 control board members may select another applicant from the list of  
35 finalists recommended by the interview committee.

36 (4) The board must take into account input from local

1 jurisdictions, schools, and churches pursuant to RCW 66.24.010 when  
2 determining locations for contract liquor stores.

3 (5) This section does not apply if a contract liquor store manager  
4 dies or becomes indefinitely disabled and is succeeded by a family  
5 member or assignee as provided in section 10 of this act.

6 NEW SECTION. **Sec. 8.** (1) The board may adopt rules regarding the  
7 criteria for awarding contract liquor store agreements, and must give  
8 due consideration to the recommendations of the task force regarding  
9 these criteria.

10 (2) When the board selects a contract liquor store manager, the  
11 board must evaluate the knowledge, skills, and abilities of all  
12 applicants in the following areas:

13 (a) Specific experience selling liquor in state retail liquor  
14 stores in Washington, and being familiar with Washington state's  
15 inventory system, liquor control rules and laws, and state retail  
16 liquor store procedures;

17 (b) Retail business experience including, but not limited to,  
18 responsibility for inventory control, cash accountability, supervision  
19 of personnel, and customer service;

20 (c) Knowledge of retail operations or business management,  
21 including study or training in those or related fields;

22 (d) Customer service skills and ability to communicate and work  
23 effectively with the public;

24 (e) Whether the applicant's health permits full-time supervision of  
25 a contract liquor store;

26 (f) The applicant's record of felony conviction, conviction of a  
27 crime relating to money management fraud, or a history of conviction of  
28 crimes relating to the abuse of alcohol or controlled substances;

29 (g) The applicant's financial ability to purchase or lease and  
30 equip the contract liquor store at the board-approved location, and to  
31 pay the required contract liquor store agreement fee;

32 (h) Possession of a certificate of liability insurance from his or  
33 her insurance carrier.

34 (3) A contract liquor store manager must be at least twenty-one  
35 years old.

36 (4) A contract liquor store manager must not have any financial  
37 interest in a business licensed as a distillery whose products are sold

1 in Washington. For the purposes of this section, "financial interest"  
2 means knowingly having an ownership interest, as a sole proprietor,  
3 partner, limited partner, or stockholder in any direct or indirect  
4 interest through a device such as a holding company.

5 (5) A contract liquor store manager must not knowingly provide  
6 anything of value in return for something of value to any distillery  
7 whose products are sold in Washington, provided that this does not  
8 prohibit persons from providing services and commodities to each other  
9 that they routinely provide to the general public under the same terms.

10 (6) No contract liquor store manager or member of the manager's  
11 household or immediate family may be employed by any distillery whose  
12 products are sold in Washington.

13 NEW SECTION. **Sec. 9.** (1) The fee for purchasing a contract liquor  
14 store agreement when, immediately prior to the agreement's execution  
15 date, a state retail liquor store was in operation in the area served  
16 by the contract liquor store, is two percent of the average gross  
17 annual sales for the last five years at the state retail liquor store  
18 serving that area. This fee is to be paid to the board upon the  
19 execution of a contract liquor store agreement.

20 (2) The fee for purchasing a contract liquor store when,  
21 immediately prior to the agreement's execution date, a contract liquor  
22 store was in operation in the area to be served by the contract liquor  
23 store, is two percent of the average gross annual sales for the last  
24 five years at the contract liquor store serving that area. If the  
25 prior contract liquor store has not been in operation for five years,  
26 the board shall determine a reasonable gross sales period on which to  
27 base the two percent fee.

28 (3) Family members of a deceased or indefinitely disabled contract  
29 liquor store manager who replace that manager are not required to pay  
30 the fee specified in this section.

31 NEW SECTION. **Sec. 10.** (1) The board may adopt rules regarding the  
32 termination of contract liquor store agreements.

33 (2) A contract liquor store manager may terminate a contract liquor  
34 store agreement with at least ninety days' written notice to the board.  
35 The notice must specify the reason for the termination, as well as a

1 fair purchase price for fixtures and equipment used in the contract  
2 liquor store that are required for its continued operation.

3 (3) The board may terminate a contract liquor store agreement for  
4 good cause. For the purposes of this section, good cause includes, but  
5 is not limited to:

6 (a) The contract liquor store manager becomes insolvent, unable or  
7 unwilling to pay contract liquor store debts, applies for or consents  
8 to the appointment of a receiver or trustee, or makes a general  
9 assignment for the benefit of creditors;

10 (b) The contract liquor store manager violates any applicable  
11 federal, state, or local statute or any rule adopted by the board  
12 pursuant to this chapter;

13 (c) The contract liquor store manager has repeated excessive  
14 shortages as verified by audit;

15 (d) The contract liquor store manager gives unsatisfactory service  
16 to the community as reflected by a pattern of confirmed and verified  
17 complaints from the public;

18 (e) The contract liquor store manager or an employee of the manager  
19 misappropriates or participates in misappropriation of money or other  
20 property of the board or intentionally or negligently violates any  
21 policy or procedure which causes a financial loss to the board;

22 (f) The contract liquor store manager becomes physically or  
23 mentally impaired, rendering him or her unable to properly perform or  
24 fulfill the contract liquor store manager's duties either permanently  
25 or for an indefinite period;

26 (g) The contract liquor store manager uses or allows the use of the  
27 contract liquor store premises for any activity illegal under federal,  
28 state, or local laws.

29 (4) Upon the death or incapacity of the contract liquor store  
30 manager, the board may appoint a surviving family member or assignee  
31 who has been actively involved in the business to manage the contract  
32 liquor store, provided the board determines the family member or  
33 assignee is qualified according to section 8 of this act.

34 NEW SECTION. **Sec. 11.** (1) The board may adopt rules regarding the  
35 shipping and inventory of liquor to contract liquor stores.

36 (2) The board shall ship to the contract liquor store on a prepaid

1 freight basis, liquor that is to be kept for sale by the contract  
2 liquor store manager. The board shall maintain ownership over all  
3 liquor until the time it is properly sold.

4 (3) The board shall determine by rule the hours during which  
5 contract liquor stores are allowed to sell liquor, and procedures for  
6 displaying liquor when liquor sales are not allowed.

7 (4) Subject to section 24 of this act, the board shall determine  
8 the amounts, classes, varieties, and brands of liquor listed for sale  
9 statewide. The board shall work with the contract liquor store manager  
10 to ensure a choice of products to the community being served. Where  
11 items are in short supply, the contract liquor store manager shall have  
12 an equal opportunity to order and receive these items.

13 (5) The board shall issue and distribute price lists showing the  
14 price to be paid by purchasers for each item of liquor for sale at the  
15 contract liquor store.

16 (6) The board shall assign licensees' accounts to a state retail  
17 liquor store or contract liquor store. No solicitation of licensee  
18 accounts is allowed. The board will normally assign restaurant  
19 accounts to the nearest state retail liquor store or contract liquor  
20 store. Any discounts currently received by licensees shall also be  
21 honored at contract liquor stores.

22 (7) The board shall provide a bank account, in the local community  
23 where possible, for daily deposit of funds derived from the sale of  
24 liquor and banquet permits by the contract liquor store manager. Daily  
25 deposit of funds by the contract liquor store manager is required  
26 unless an exception has been agreed to in writing by the board and the  
27 contract liquor store manager.

28 (8) The board shall pay the contract liquor store manager on or  
29 about the tenth day of the month following the month of sale, after  
30 receipt of sales reports and transaction summaries, an amount equal to  
31 the compensation formula to be determined by the board by rule.  
32 Compensation must include a base rate and a tiered commission based on  
33 sales. The board may increase contract liquor store commissions to  
34 attract or maintain contract liquor store managers. The compensation  
35 formula must be reviewed before July 1 every two years, and the  
36 compensation rates may be adjusted by the board. All proposed  
37 compensation adjustments must be approved by the board and by the



1 director of the office of financial management, in accordance with RCW  
2 66.08.026.

3 (9) Any operating shortages verified by formal audit shall be  
4 deducted from any compensation due and owing to the contract liquor  
5 store manager until the amount of the shortage is paid in full. The  
6 board will allow shortages of one-half of one percent of the contract  
7 liquor store manager's gross sales during the audit period to be paid  
8 at cost. Shortages in excess of one-half of one percent shall be paid  
9 at full retail price.

10 (10) The board is authorized to inspect the contract liquor store  
11 and its books at any reasonable time for compliance with the  
12 regulations of this chapter, and any rules adopted by the board  
13 regarding this chapter.

14 NEW SECTION. **Sec. 12.** (1) Contract liquor store managers shall  
15 sell the board's liquor to retail customers and all eligible liquor  
16 licensees on the contract liquor store premises at prices set by the  
17 board.

18 (2) Contract liquor store managers shall maintain the security of,  
19 and prevent damage to, the liquor and any other property of the board.

20 (3) Contract liquor store managers shall account for all inventory,  
21 sales, and receipts on forms or equipment and at time intervals as may  
22 be required by the board.

23 (4) Contract liquor store managers shall display liquor  
24 attractively and maintain the contract liquor store premises in a  
25 manner that allows customers a clean, comfortable, and safe environment  
26 to make purchases.

27 (5) Contract liquor store managers are responsible for receiving  
28 freight shipments and maintaining an accurate count of merchandise  
29 received.

30 (6) Contract liquor store managers shall maintain sufficient hours  
31 of operation at convenient times to serve the public, as determined by  
32 the board, and shall follow the board's guidelines for the display of  
33 liquor when liquor is not allowed to be sold. The board shall  
34 determine whether a contract liquor store is open on Sunday based on  
35 the criteria in RCW 66.08.167. Contract liquor stores may open or  
36 close on state holidays at the discretion of the contract liquor store  
37 manager.

1 (7) Contract liquor store managers shall request the liquor items  
2 offered by the contract liquor store for sale each week. The weekly  
3 requisitions shall be based on what may be reasonably expected to meet  
4 customer and licensee demand, subject to the restrictions on total  
5 inventory specified in section 6 of this act.

6 (8) Contract liquor store managers shall adhere to the policy and  
7 guidelines of the board concerning the operation of the contract liquor  
8 store related to the control of the board's assets and comply with  
9 legal requirements under local, state, and federal law.

10 (9) Contract liquor store managers shall comply with advertising  
11 restrictions in accordance with RCW 66.08.060.

12 (10) Contract liquor store managers shall comply with the use of  
13 the Washington state insignia or references to the board's restrictions  
14 in accordance with rules adopted by the department.

15 (11) Contract liquor store managers may also hold or apply for a  
16 license to sell beer under a beer and/or wine specialty shop license  
17 under RCW 66.24.371. A contract liquor store manager may also hold or  
18 apply for a grocery store license under RCW 66.24.360 if the grocery  
19 store is headquartered in Washington.

20 (12) Contract liquor store managers shall not sell liquor other  
21 than at the contract liquor store premises, unless licensed to do so.

22 (13) Contract liquor store managers shall not deliver any liquor to  
23 a purchaser at a location other than the contract liquor store.

24 (14) Contract liquor store managers shall not withdraw or allow to  
25 be withdrawn merchandise for any purpose other than sale at current  
26 board prices. Damaged or defective merchandise may be destroyed in  
27 accordance with procedures adopted by rule by the department.

28 (15) All expenses for employees hired by contract liquor store  
29 managers are the responsibility of the contract liquor store manager.  
30 Contract liquor store managers must provide training to employees  
31 regarding the rules and regulations that apply to contract liquor  
32 stores.

33 (16) Contract liquor store managers must secure board approval  
34 prior to moving a store to a new location. The board must follow all  
35 public notice requirements specified in RCW 66.24.010.

36 (17) Contract liquor store managers shall not sell or allow to be  
37 sold, any liquor, owned by the board, except for cash or credit or  
38 debit cards presented at the time of sale.

1 Personal or business checks may be accepted as cash, but the  
2 contract liquor store manager is responsible for their value. The  
3 board will accept responsibility for check value, when the board has  
4 authorized acceptance of the check from a licensee account, as a result  
5 of a letter of credit from the licensee's bank, or an agreement which  
6 has been properly completed and is on file with the board.

7 (18) Contract liquor store managers must open the contract liquor  
8 store and its books and records at any reasonable time to inspection  
9 and audit by the board, the state auditor, the legislative evaluation  
10 and accountability program, and the joint legislative audit and review  
11 committee.

12 NEW SECTION. **Sec. 13.** (1) In addition to other provisions of law,  
13 it is unlawful for any contract liquor store manager or employee to:

14 (a) Sell or offer for sale any liquor other than from the original  
15 package or container;

16 (b) Sell, give away, or permit the sale, gift, or procurement of  
17 any liquor for or to any person under twenty-one years of age;

18 (c) Sell, give away, or permit the sale, gift, or procurement of  
19 any liquor for or to any person apparently intoxicated;

20 (d) Permit the consumption of any liquor on the premises by any  
21 person;

22 (e) Alter, change, or misrepresent the quality, quantity, or brand  
23 name of any liquor with the intent to defraud;

24 (f) Permit any person under twenty-one years of age to sell or give  
25 liquor to any other person, except to assist a cashier who is twenty-  
26 one years of age or older; or

27 (g) Purchase or otherwise obtain liquor in any manner or from any  
28 source other than that specifically authorized in this title.

29 (2) Violations of any provision of this chapter or any rule adopted  
30 by the board, or any false statement concerning any material fact, or  
31 omission of any material fact in submitting an application for a  
32 contract liquor store agreement or in any hearing concerning the  
33 suspension or revocation of a contract liquor store agreement, or the  
34 commission of any of the acts declared in this chapter to be unlawful,  
35 is subject to disciplinary action by the board, including suspension or  
36 revocation of the contract liquor store agreement. No fees paid for

1 the contract liquor store agreement will be refunded. The board shall  
2 develop rules to implement and enforce this subsection and may assess  
3 an administrative penalty for violations.

4 (3) Nothing in this chapter or any rule of the board prevents or  
5 prohibits any contract liquor store manager from employing any person  
6 who is at least eighteen years of age to serve in any contract liquor  
7 store, or from having a person assist a person twenty-one years of age  
8 or older who handles, sells, or delivers liquor under this chapter.

9 NEW SECTION. **Sec. 14.** (1) The board shall assume liability for  
10 loss of board-owned property when a burglary, robbery, fire, or loss  
11 due to an act of nature occurs, as long as the contract liquor store  
12 manager has implemented reasonable precautions as determined by rule by  
13 the department. Loss prevention measures and precautions will be  
14 reviewed, and revised annually if necessary, by agreement of the board  
15 and the contract liquor store manager.

16 (2) The contract liquor store manager is responsible for providing  
17 adequate insurance coverage at his or her own expense to protect  
18 against his or her portion of the legal liability arising out of  
19 activities as a contract liquor store manager.

20 (3) The contract liquor store manager shall provide a certificate  
21 of liability insurance from the insurance carrier to the board.

22 (4) The contract liquor store manager is an independent contractor.  
23 Neither the contract liquor store manager nor the contract liquor store  
24 manager's employees are employees of the board, and are not entitled to  
25 any of the rights, benefits, or privileges accorded to employees of the  
26 state of Washington.

27 (5) Any claims or damages arising out of the contract liquor store  
28 manager's operation of a nonliquor sales business or sales of goods  
29 other than liquor are the contract liquor store manager's sole  
30 responsibility. The contract liquor store manager indemnifies the  
31 board for any damages and costs of suit, however denominated, arising  
32 from those activities.

33 (6) The board assumes no liability with respect to any bodily  
34 injury, the contract liquor store manager's portion of liquor  
35 liability, illness, accident, theft, or any other damages or losses  
36 concerning persons or property, except as provided in subsection (1) of  
37 this section.

1        NEW SECTION.    **Sec. 15.**    The joint legislative audit and review  
2 committee is directed to study the impacts of further contracting out  
3 the state's retail sale of liquor, and to deliver a report on their  
4 findings to the legislature by December 31, 2012.    The study must  
5 include an analysis of allowing all qualified Washington-based grocery  
6 store licensees under RCW 66.24.360 to become contract liquor stores.  
7 The legislature directs that the impacts to be studied shall include,  
8 but shall not be limited to:    Underage access to alcohol in state  
9 retail liquor stores and contract liquor stores; alcohol consumption  
10 rates; state revenue; traffic accidents and fatalities related to  
11 alcohol use; and crimes directly related to alcohol use.

12        NEW SECTION.    **Sec. 16.**    (1) For the purpose of carrying into effect  
13 the provisions of this chapter according to their true intent or of  
14 supplying any deficiency therein, the board may make regulations not  
15 inconsistent with the spirit of this chapter as deemed necessary or  
16 advisable.    All regulations shall be a public record, filed in the  
17 office of the code reviser, and have the same force and effect as if  
18 incorporated in this chapter.

19        (2) Without limiting the generality of the provisions contained in  
20 subsection (1) of this section, it is declared that the power of the  
21 board to make regulations in the manner set out in subsection (1) of  
22 this section shall extend to:

23        (a) Regulating the equipment and management of contract liquor  
24 stores in which state liquor is sold or kept, prescribing the books and  
25 records to be kept, and the reports to be made to the board;

26        (b) Prescribing the duties of contract liquor store managers and  
27 their employees, and regulating their conduct in the discharge of their  
28 duties;

29        (c) Governing the purchase of liquor by the state and the  
30 furnishing of liquor to contract liquor stores established under this  
31 chapter, subject to section 23 of this act;

32        (d) Subject to section 24 of this act, determining the classes,  
33 varieties, and brands of liquor to be kept for sale at any contract  
34 liquor store;

35        (e) Prescribing the hours during which the contract liquor stores  
36 shall be kept open for the sale of liquor, and procedures for the

1 display of liquor when the stores are open, but not allowed to sell  
2 liquor;

3 (f) Providing for the issuing and distributing of price lists  
4 showing the price to be paid by purchasers for each variety of liquor  
5 kept for sale under this chapter;

6 (g) Prescribing an official seal and official labels and stamps and  
7 determining the manner in which they shall be attached to every package  
8 of liquor sold or sealed under this title, including the prescribing of  
9 different official seals or different official labels for different  
10 classes of liquor;

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

13 (i) Prescribing forms to be used for purposes of this chapter or  
14 the regulations, and the terms and conditions to be contained in  
15 contract liquor store agreements issued under this title, and the  
16 qualifications for receiving a contract liquor store agreement issued  
17 under this chapter, including a criminal history record information  
18 check. The board may submit the criminal history record information  
19 check to the Washington state patrol and to the identification division  
20 of the federal bureau of investigation in order that these agencies may  
21 search their records for prior arrests and convictions of the  
22 individual or individuals who filled out the forms. The board shall  
23 require fingerprinting of any applicant whose criminal history record  
24 information check is submitted to the federal bureau of investigation;

25 (j) Prescribing the fees payable in respect of contract liquor  
26 store agreements issued under this chapter for which no fees are  
27 prescribed in this chapter, and prescribing the fees for anything done  
28 or permitted to be done under the regulations.

29 **Sec. 17.** RCW 66.08.026 and 2008 c 67 s 1 are each amended to read  
30 as follows:

31 Administrative expenses of the board shall be appropriated and paid  
32 from the liquor revolving fund. These administrative expenses shall  
33 include, but not be limited to: The salaries and expenses of the board  
34 and its employees, the cost of opening additional state liquor stores  
35 and warehouses, legal services, pilot projects, annual or other audits,  
36 and other general costs of conducting the business of the board. The  
37 administrative expenses shall not include costs of liquor and lottery

1 tickets purchased, the cost of transportation and delivery to the point  
2 of distribution, the cost of operating, maintaining, relocating, and  
3 leasing state liquor stores and warehouses, other costs pertaining to  
4 the acquisition and receipt of liquor and lottery tickets, (~~agency~~)  
5 commissions for contract liquor stores, transaction fees associated  
6 with credit or debit card purchases for liquor in state liquor stores  
7 and in contract liquor stores pursuant to RCW 66.16.040 and 66.16.041,  
8 sales tax, and those amounts distributed pursuant to RCW 66.08.180,  
9 66.08.190, 66.08.200, 66.08.210 and 66.08.220. (~~Agency~~) Commissions  
10 for contract liquor stores shall be established by the liquor control  
11 board after consultation with and approval by the director of the  
12 office of financial management. All expenditures and payment of  
13 obligations authorized by this section are subject to the allotment  
14 requirements of chapter 43.88 RCW.

15 **Sec. 18.** RCW 66.08.150 and 2007 c 370 s 3 are each amended to read  
16 as follows:

17 (1) The action, order, or decision of the board as to any denial of  
18 an application for the reissuance of a permit or license or as to any  
19 revocation, suspension, or modification of any permit (~~(or)~~) license,  
20 or contract liquor store agreement shall be an adjudicative proceeding  
21 and subject to the applicable provisions of chapter 34.05 RCW.

22 (~~(1)~~) (2) An opportunity for a hearing may be provided an  
23 applicant for the reissuance of a permit or license prior to the  
24 disposition of the application, and if no such opportunity for a prior  
25 hearing is provided then an opportunity for a hearing to reconsider the  
26 application must be provided the applicant.

27 (~~(2)~~) (3) An opportunity for a hearing must be provided a  
28 permittee (~~(or)~~) licensee, or contract liquor store manager prior to  
29 a revocation or modification of any permit (~~(or)~~) license, or contract  
30 liquor store agreement and, except as provided in subsection (~~(4)~~)  
31 (5) of this section, prior to the suspension of any permit (~~(or)~~) license,  
32 or contract liquor store agreement.

33 (~~(3)~~) (4) No hearing shall be required until demanded by the  
34 applicant, permittee, (~~(or)~~) licensee, or contract liquor store  
35 manager.

36 (~~(4)~~) (5) The board may summarily suspend a license (~~(or)~~) license,  
37 permit, or contract liquor store agreement for a period of up to one

1 hundred eighty days without a prior hearing if it finds that public  
2 health, safety, or welfare imperatively require emergency action, and  
3 it incorporates a finding to that effect in its order. Proceedings for  
4 revocation or other action must be promptly instituted and determined.  
5 An administrative law judge may extend the summary suspension period  
6 for up to one calendar year in the event the proceedings for revocation  
7 or other action cannot be completed during the initial one hundred  
8 eighty day period due to actions by the licensee or permittee. The  
9 board's enforcement division shall complete a preliminary staff  
10 investigation of the violation before requesting an emergency  
11 suspension by the board.

12 **Sec. 19.** RCW 66.08.220 and 2009 c 271 s 4 are each amended to read  
13 as follows:

14 The board shall set aside in a separate account in the liquor  
15 revolving fund an amount equal to ten percent of its gross sales of  
16 liquor, including sales by contract liquor stores, to spirits, beer,  
17 and wine restaurant; spirits, beer, and wine private club; spirits,  
18 beer, and wine nightclub; hotel; and sports entertainment facility  
19 licensees collected from these licensees pursuant to the provisions of  
20 RCW 82.08.150, less the fifteen percent discount provided for in RCW  
21 66.24.440; and the moneys in said separate account shall be distributed  
22 in accordance with the provisions of RCW 66.08.190, 66.08.200 and  
23 66.08.210. No election unit in which the sale of liquor under spirits,  
24 beer, and wine restaurant; spirits, beer, and wine private club;  
25 spirits, beer, and wine nightclub; and sports entertainment facility  
26 licenses is unlawful shall be entitled to share in the distribution of  
27 moneys from such separate account.

28 **Sec. 20.** RCW 66.24.440 and 2009 c 271 s 8 are each amended to read  
29 as follows:

30 Each spirits, beer, and wine restaurant, spirits, beer, and wine  
31 private club, hotel, spirits, beer, and wine nightclub, and sports  
32 entertainment facility licensee shall be entitled to purchase any  
33 spirituous liquor items salable under such license from the board,  
34 including sales by contract liquor stores, at a discount of not less  
35 than fifteen percent from the retail price fixed by the board, together  
36 with all taxes.



1       **Sec. 21.** RCW 66.20.160 and 2005 c 151 s 8 are each amended to read  
2 as follows:

3       Words and phrases as used in RCW 66.20.160 to 66.20.210, inclusive,  
4 shall have the following meaning:

5       "Card of identification" means any one of those cards described in  
6 RCW 66.16.040.

7       "Contract liquor store employee" means a contract liquor store  
8 manager or a person employed in a contract liquor store to sell liquor.

9       "Licensee" means the holder of a retail liquor license issued by  
10 the board, and includes any employee or agent of the licensee.

11       "Store employee" means a person employed in a state liquor store to  
12 sell liquor.

13       **Sec. 22.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to read  
14 as follows:

15       (1) For the purpose of carrying into effect the provisions of this  
16 title according to their true intent or of supplying any deficiency  
17 therein, the board may make such regulations not inconsistent with the  
18 spirit of this title as are deemed necessary or advisable. All  
19 regulations so made shall be a public record and shall be filed in the  
20 office of the code reviser, and thereupon shall have the same force and  
21 effect as if incorporated in this title. Such regulations, together  
22 with a copy of this title, shall be published in pamphlets and shall be  
23 distributed as directed by the board.

24       (2) Without thereby limiting the generality of the provisions  
25 contained in subsection (1), it is declared that the power of the board  
26 to make regulations in the manner set out in that subsection shall  
27 extend to

28       (a) regulating the equipment and management of stores and  
29 warehouses in which state liquor is sold or kept, and prescribing the  
30 books and records to be kept therein and the reports to be made thereon  
31 to the board;

32       (b) prescribing the duties of the employees of the board, and  
33 regulating their conduct in the discharge of their duties;

34       (c) governing the purchase of liquor by the state and the  
35 furnishing of liquor to stores established under this title, subject to  
36 section 23 of this act;

1 (d) determining the classes, varieties, and brands of liquor to be  
2 kept for sale at any store, subject to section 24 of this act;

3 (e) prescribing(~~(, subject to RCW 66.16.080,)~~) the hours during  
4 which the state liquor stores shall be kept open for the sale of  
5 liquor;

6 (f) providing for the issuing and distributing of price lists  
7 showing the price to be paid by purchasers for each variety of liquor  
8 kept for sale under this title;

9 (g) prescribing an official seal and official labels and stamps and  
10 determining the manner in which they shall be attached to every package  
11 of liquor sold or sealed under this title, including the prescribing of  
12 different official seals or different official labels for different  
13 classes of liquor;

14 (h) providing for the payment by the board in whole or in part of  
15 the carrying charges on liquor shipped by freight or express;

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

28 (j) prescribing the fees payable in respect of permits and licenses  
29 issued under this title for which no fees are prescribed in this title,  
30 and prescribing the fees for anything done or permitted to be done  
31 under the regulations;

32 (k) prescribing the kinds and quantities of liquor which may be  
33 kept on hand by the holder of a special permit for the purposes named  
34 in the permit, regulating the manner in which the same shall be kept  
35 and disposed of, and providing for the inspection of the same at any  
36 time at the instance of the board;

37 (l) regulating the sale of liquor kept by the holders of licenses  
38 which entitle the holder to purchase and keep liquor for sale;

1 (m) prescribing the records of purchases or sales of liquor kept by  
2 the holders of licenses, and the reports to be made thereon to the  
3 board, and providing for inspection of the records so kept;

4 (n) prescribing the kinds and quantities of liquor for which a  
5 prescription may be given, and the number of prescriptions which may be  
6 given to the same patient within a stated period;

7 (o) prescribing the manner of giving and serving notices required  
8 by this title or the regulations, where not otherwise provided for in  
9 this title;

10 (p) regulating premises in which liquor is kept for export from the  
11 state, or from which liquor is exported, prescribing the books and  
12 records to be kept therein and the reports to be made thereon to the  
13 board, and providing for the inspection of the premises and the books,  
14 records and the liquor so kept;

15 (q) prescribing the conditions and qualifications requisite for the  
16 obtaining of club licenses and the books and records to be kept and the  
17 returns to be made by clubs, prescribing the manner of licensing clubs  
18 in any municipality or other locality, and providing for the inspection  
19 of clubs;

20 (r) prescribing the conditions, accommodations and qualifications  
21 requisite for the obtaining of licenses to sell beer and wines, and  
22 regulating the sale of beer and wines thereunder;

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

28 (t) providing for the making of returns by brewers of their sales  
29 of beer shipped within the state, or from the state, showing the gross  
30 amount of such sales and providing for the inspection of brewers' books  
31 and records, and for the checking of the accuracy of any such returns;

32 (u) providing for the making of returns by the wholesalers of beer  
33 whose breweries are located beyond the boundaries of the state;

34 (v) providing for the making of returns by any other liquor  
35 manufacturers, showing the gross amount of liquor produced or  
36 purchased, the amount sold within and exported from the state, and to  
37 whom so sold or exported, and providing for the inspection of the

1 premises of any such liquor manufacturers, their books and records, and  
2 for the checking of any such return;

3 (w) providing for the giving of fidelity bonds by any or all of the  
4 employees of the board: PROVIDED, That the premiums therefor shall be  
5 paid by the board;

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

9 (y) prescribing methods of manufacture, conditions of sanitation,  
10 standards of ingredients, quality and identity of alcoholic beverages  
11 manufactured, sold, bottled, or handled by licensees and the board; and  
12 conducting from time to time, in the interest of the public health and  
13 general welfare, scientific studies and research relating to alcoholic  
14 beverages and the use and effect thereof;

15 (z) seizing, confiscating and destroying all alcoholic beverages  
16 manufactured, sold or offered for sale within this state which do not  
17 conform in all respects to the standards prescribed by this title or  
18 the regulations of the board: PROVIDED, Nothing herein contained shall  
19 be construed as authorizing the liquor board to prescribe, alter, limit  
20 or in any way change the present law as to the quantity or percentage  
21 of alcohol used in the manufacturing of wine or other alcoholic  
22 beverages.

23 NEW SECTION. **Sec. 23.** Wine purchased by the board must be  
24 delivered by a wine distributor licensed under RCW 66.24.200 to a state  
25 liquor store or contract liquor store.

26 NEW SECTION. **Sec. 24.** At least ninety percent of the shelf space  
27 in a state liquor store and at least ninety percent of the shelf space  
28 dedicated to the sale of liquor in a contract liquor store other than  
29 a grocery store licensed under RCW 66.24.360 or a specialty shop  
30 licensed under RCW 66.24.371 must be devoted to the sale of spirits.

31 NEW SECTION. **Sec. 25.** Sections 1 through 16 of this act  
32 constitute a new chapter in Title 66 RCW.

1        NEW SECTION.    **Sec. 26.**    Sections 23 and 24 of this act are each  
2    added to chapter 66.08 RCW.

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