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HOUSE BILL 3189

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State of Washington

61st Legislature

2010 Regular Session

By Representatives Alexander, Linville, Dammeier, Ericks, Sequist, Haler, Hunter, Warnick, Quall, Angel, Clibborn, Ross, and Hinkle

Read first time 02/16/10. Referred to Committee on Ways & Means.

1 AN ACT Relating to alcohol sales in state liquor stores and  
2 contract liquor stores; amending RCW 66.08.050; adding a new section to  
3 chapter 66.08 RCW; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the state of  
6 Washington currently contracts out part of its retail liquor sales by  
7 allowing contract liquor stores to sell liquor. The legislature finds  
8 that selective further contracting out of the state's retail liquor  
9 sales will result in a system that is more efficient and cost-effective  
10 for the state than the current hybrid system of state liquor stores and  
11 contract liquor stores. In addition, the legislature finds that it is  
12 in the best interests of the state to consider how to implement a full  
13 contract liquor store system. Therefore, the legislature intends to  
14 convert selected state liquor stores to contract liquor stores; convert  
15 additional state liquor stores to contract liquor stores on a pilot  
16 basis; monitor and evaluate the impact of the conversions; and  
17 determine under what conditions a full contract liquor store system  
18 would be more efficient and cost-effective for the state. In  
19 converting state liquor stores to contract liquor stores, the

1 legislature intends that there be no revenue loss to the state.  
2 Further, the legislature intends that this act constitutes a law  
3 preventing the liquor control board from carrying out the terms of  
4 leases for state liquor stores being converted.

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

7 (1) The board must convert at least twenty state liquor stores to  
8 contract liquor stores between July 1, 2010, and July 1, 2012. The  
9 board must select stores for closure under this subsection that the  
10 board determines will result in the greatest efficiency and cost-  
11 effectiveness for the state.

12 (2) In addition to the conversion of state liquor stores in  
13 subsection (1) of this section, the board must convert ten state liquor  
14 stores to contract liquor stores on a pilot basis between July 1, 2010,  
15 and July 1, 2011. The board must select medium and high volume stores  
16 for conversion under this subsection so as to best allow the board to  
17 recommend under what conditions a full contract liquor store system  
18 would be more efficient and cost-effective for the state.

19 (3) Nothing in this section affects the authority of the board to  
20 relocate or close contract liquor stores.

21 NEW SECTION. **Sec. 3.** (1) The liquor control board must study the  
22 contracting out the state's retail sale of liquor under section 2 of  
23 this act. The study must include:

24 (a) An analysis of the revenue generating capacity for the state of  
25 newly established contract stores compared to the converted state  
26 liquor stores;

27 (b) A comparison between the newly established contract stores and  
28 the state liquor stores of key performance indicators including, but  
29 not limited to, inventory audit results, inventory turns, product  
30 selection, and square footage;

31 (c) An analysis of access to liquor by intoxicated and underage  
32 persons; and

33 (d) An assessment of conditions under which a full contract liquor  
34 store system would be more efficient and cost-effective for the state.

35 (2) The board must report its findings and recommendations to the  
36 appropriate committees of the legislature by December 31, 2012.

1       **Sec. 4.** RCW 66.08.050 and 2005 c 151 s 3 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, subject to section 2 of this act;

8       (2) Appoint in cities and towns and other communities, in which no  
9 state liquor store is located, contract liquor stores. Legislative  
10 approval is required to increase the number of contract liquor stores.

11 In addition, the board may appoint, in its discretion, a manufacturer  
12 that also manufactures liquor products other than wine under a license  
13 under this title, as a contract liquor store for the purpose of sale of  
14 liquor products of its own manufacture on the licensed premises only.  
15 Such contract liquor stores shall be authorized to sell liquor under  
16 the guidelines provided by law, rule, or contract, and such contract  
17 liquor stores shall be subject to such additional rules and regulations  
18 consistent with this title as the 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.

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