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HOUSE BILL 1116

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Alexander and Dammeier

Read first time 01/12/11. Referred to Committee on State Government & Tribal Affairs.

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 September 1, 2011, and July 1, 2013.  
9 The board must select stores for conversion under this subsection that  
10 the 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 September 1,  
15 2011, and July 1, 2012. The board must select medium and high volume  
16 stores for conversion under this subsection so as to best allow the  
17 board to recommend under what conditions a full contract liquor store  
18 system 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, square footage, and the impact on customer satisfaction,  
31 including the impact on licensees of the board;

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

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

1 (2) The board must report its findings and recommendations to the  
2 appropriate committees of the legislature by December 31, 2013.

3 **Sec. 4.** RCW 66.08.050 and 2005 c 151 s 3 are each amended to read  
4 as follows:

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

7 (1) Determine the localities within which state liquor stores shall  
8 be established throughout the state, and the number and situation of  
9 the stores within each locality, subject to section 2 of this act;

10 (2) Appoint in cities and towns and other communities, in which no  
11 state liquor store is located, contract liquor stores. An  
12 independently owned grocery store under sixty thousand square feet  
13 holding a license under RCW 66.24.360 may apply for and receive a  
14 contract liquor store appointment. Legislative approval is required to  
15 increase the number of contract liquor stores. In addition, the board  
16 may appoint, in its discretion, a manufacturer that also manufactures  
17 liquor products other than wine under a license under this title, as a  
18 contract liquor store for the purpose of sale of liquor products of its  
19 own manufacture on the licensed premises only. Such contract liquor  
20 stores shall be authorized to sell liquor under the guidelines provided  
21 by law, rule, or contract, and such contract liquor stores shall be  
22 subject to such additional rules and regulations consistent with this  
23 title as the board may require;

24 (3) Establish all necessary warehouses for the storing and  
25 bottling, diluting and rectifying of stocks of liquors for the purposes  
26 of this title;

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

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

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

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

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

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

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

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

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