
HOUSE BILL 2723

State of Washington

62nd Legislature

2012 Regular Session

By Representative Hunt; by request of Governor Gregoire

Read first time 01/26/12. Referred to Committee on State Government & Tribal Affairs.

1 AN ACT Relating to the office of alcohol beverage control; amending
2 RCW 66.04.011, 66.08.012, 66.08.014, 66.08.016, 66.08.020, 66.08.022,
3 66.08.024, 66.08.026, 66.08.030, 66.08.050, 66.08.0501, 66.08.055,
4 66.08.060, 66.08.080, 66.08.090, 66.08.095, 66.08.100, 66.08.120,
5 66.08.130, 66.08.140, 66.08.145, 66.08.150, 66.08.170, 66.08.180,
6 66.08.230, 66.12.020, 66.12.030, 66.12.070, 66.12.110, 66.12.120,
7 66.12.140, 66.16.090, 66.20.010, 66.20.020, 66.20.070, 66.20.080,
8 66.20.085, 66.20.090, 66.20.160, 66.20.170, 66.20.180, 66.20.190,
9 66.20.200, 66.20.210, 66.20.300, 66.20.310, 66.20.320, 66.20.330,
10 66.20.340, 66.20.350, 66.20.365, 66.20.370, 66.20.380, 66.20.385,
11 66.24.010, 66.24.012, 66.24.013, 66.24.025, 66.24.120, 66.24.140,
12 66.24.145, 66.24.---, 66.24.160, 66.24.170, 66.24.170, 66.24.185,
13 66.24.203, 66.24.206, 66.24.210, 66.24.215, 66.24.230, 66.24.244,
14 66.24.261, 66.24.270, 66.24.290, 66.24.305, 66.24.310, 66.24.320,
15 66.24.354, 66.24.360, 66.24.---, 66.24.363, 66.24.380, 66.24.395,
16 66.24.400, 66.24.410, 66.24.420, 66.24.440, 66.24.450, 66.24.452,
17 66.24.455, 66.24.480, 66.24.481, 66.24.495, 66.24.540, 66.24.550,
18 66.24.570, 66.24.580, 66.24.590, 66.24.600, 66.24.610, 66.24.---,
19 66.24.---, 66.28.030, 66.28.040, 66.28.042, 66.28.043, 66.28.060,
20 66.28.070, 66.28.110, 66.28.---, 66.28.180, 66.28.---, 66.28.200,
21 66.28.210, 66.28.220, 66.28.260, 66.28.270, 66.28.285, 66.28.295,

1 66.28.300, 66.28.320, 66.04.---, 66.32.010, 66.32.020, 66.32.090,
2 66.40.030, 66.40.140, 66.44.010, 66.44.070, 66.44.120, 66.44.150,
3 66.44.160, 66.44.200, 66.44.290, 66.44.292, 66.44.310, 66.44.350,
4 66.98.070, 9.41.300, 9.46.0315, 9.46.0331, 10.93.020, 15.89.070,
5 15.89.100, 15.89.160, 19.02.050, 19.126.070, 19.192.010, 35A.66.020,
6 36.27.020, 41.26.030, 41.37.015, 41.40.023, 42.16.010, 42.17A.705,
7 43.06.455, 43.06.465, 43.06.466, 43.82.010, 67.70.070, 69.04.240,
8 70.155.010, 70.155.020, 70.155.080, 70.155.090, 70.155.100, 70.155.110,
9 70.155.120, 70.158.020, 70.158.050, 70.158.060, 70.158.070, 77.15.750,
10 82.24.010, 82.24.550, 82.24.551, 82.24.552, 82.26.060, 82.26.080,
11 82.26.105, 82.26.121, 82.26.140, 82.26.150, 82.26.180, 82.26.190,
12 82.26.210, 82.26.220, 82.26.230, 82.26.240, 82.26.250, and 82.32.300;
13 reenacting and amending RCW 66.04.010, 66.24.240, 66.24.244, 66.24.371,
14 66.24.425, 66.28.310, 41.37.010, and 82.26.010; creating a new section;
15 providing an effective date; and providing an expiration date.

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

17 **Sec. 1.** RCW 66.04.010 and 2011 c 325 s 2 and 2011 c 195 s 3 are
18 each reenacted and amended to read as follows:

19 In this title, unless the context otherwise requires:

20 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
21 oxide of ethyl, or spirit of wine, which is commonly produced by the
22 fermentation or distillation of grain, starch, molasses, or sugar, or
23 other substances including all dilutions and mixtures of this
24 substance. The term "alcohol" does not include alcohol in the
25 possession of a manufacturer or distiller of alcohol fuel, as described
26 in RCW 66.12.130, which is intended to be denatured and used as a fuel
27 for use in motor vehicles, farm implements, and machines or implements
28 of husbandry.

29 (2) "Authorized representative" means a person who:

30 (a) Is required to have a federal basic permit issued pursuant to
31 the federal alcohol administration act, 27 U.S.C. Sec. 204;

32 (b) Has its business located in the United States outside of the
33 state of Washington;

34 (c) Acquires ownership of beer or wine for transportation into and
35 resale in the state of Washington; and which beer or wine is produced

1 by a brewery or winery in the United States outside of the state of
2 Washington; and

3 (d) Is appointed by the brewery or winery referenced in (c) of this
4 subsection as its authorized representative for marketing and selling
5 its products within the United States in accordance with a written
6 agreement between the authorized representative and such brewery or
7 winery pursuant to this title.

8 (3) "Beer" means any malt beverage, flavored malt beverage, or malt
9 liquor as these terms are defined in this chapter.

10 (4) "Beer distributor" means a person who buys beer from a domestic
11 brewery, microbrewery, beer certificate of approval holder, or beer
12 importers, or who acquires foreign produced beer from a source outside
13 of the United States, for the purpose of selling the same pursuant to
14 this title, or who represents such brewer or brewery as agent.

15 (5) "Beer importer" means a person or business within Washington
16 who purchases beer from a beer certificate of approval holder or who
17 acquires foreign produced beer from a source outside of the United
18 States for the purpose of selling the same pursuant to this title.

19 ~~(6) ("Board" means the liquor control board, constituted under
20 this title.~~

21 ~~(7))~~ "Brewer" or "brewery" means any person engaged in the
22 business of manufacturing beer and malt liquor. Brewer includes a
23 brand owner of malt beverages who holds a brewer's notice with the
24 federal bureau of alcohol, tobacco, and firearms at a location outside
25 the state and whose malt beverage is contract-produced by a licensed
26 in-state brewery, and who may exercise within the state, under a
27 domestic brewery license, only the privileges of storing, selling to
28 licensed beer distributors, and exporting beer from the state.

29 ~~((8))~~ (7) "Club" means an organization of persons, incorporated
30 or unincorporated, operated solely for fraternal, benevolent,
31 educational, athletic or social purposes, and not for pecuniary gain.

32 ~~((9))~~ (8) "Confection" means a preparation of sugar, honey, or
33 other natural or artificial sweeteners in combination with chocolate,
34 fruits, nuts, dairy products, or flavorings, in the form of bars,
35 drops, or pieces.

36 ~~((10))~~ (9) "Consume" includes the putting of liquor to any use,
37 whether by drinking or otherwise.

1 ((+11+)) (10) "Contract liquor store" means a business that sells
2 liquor on behalf of the ((~~board~~)) office through a contract with a
3 contract liquor store manager.

4 ((+12+)) (11) "Craft distillery" means a distillery that pays the
5 reduced licensing fee under RCW 66.24.140.

6 ((+13+)) (12) "Dentist" means a practitioner of dentistry duly and
7 regularly licensed and engaged in the practice of his or her profession
8 within the state pursuant to chapter 18.32 RCW.

9 ((+14+)) (13) "Distiller" means a person engaged in the business of
10 distilling spirits.

11 ((+15+)) (14) "Domestic brewery" means a place where beer and malt
12 liquor are manufactured or produced by a brewer within the state.

13 ((+16+)) (15) "Domestic winery" means a place where wines are
14 manufactured or produced within the state of Washington.

15 ((+17+)) (16) "Druggist" means any person who holds a valid
16 certificate and is a registered pharmacist and is duly and regularly
17 engaged in carrying on the business of pharmaceutical chemistry
18 pursuant to chapter 18.64 RCW.

19 ((+18+)) (17) "Drug store" means a place whose principal business
20 is, the sale of drugs, medicines and pharmaceutical preparations and
21 maintains a regular prescription department and employs a registered
22 pharmacist during all hours the drug store is open.

23 ((+19+)) (18) "Employee" means any person employed by the ((~~board~~))
24 office.

25 ((+20+)) (19) "Flavored malt beverage" means:

26 (a) A malt beverage containing six percent or less alcohol by
27 volume to which flavoring or other added nonbeverage ingredients are
28 added that contain distilled spirits of not more than forty-nine
29 percent of the beverage's overall alcohol content; or

30 (b) A malt beverage containing more than six percent alcohol by
31 volume to which flavoring or other added nonbeverage ingredients are
32 added that contain distilled spirits of not more than one and one-half
33 percent of the beverage's overall alcohol content.

34 ((+21+)) (20) "Fund" means 'liquor revolving fund.'

35 ((+22+)) (21) "Hotel" means buildings, structures, and grounds,
36 having facilities for preparing, cooking, and serving food, that are
37 kept, used, maintained, advertised, or held out to the public to be a
38 place where food is served and sleeping accommodations are offered for

1 pay to transient guests, in which twenty or more rooms are used for the
2 sleeping accommodation of such transient guests. The buildings,
3 structures, and grounds must be located on adjacent property either
4 owned or leased by the same person or persons.

5 ~~((+23+))~~ (22) "Importer" means a person who buys distilled spirits
6 from a distillery outside the state of Washington and imports such
7 spirituous liquor into the state for sale ~~((to the board))~~ or for
8 export.

9 ~~((+24+))~~ (23) "Imprisonment" means confinement in the county jail.

10 ~~((+25+))~~ (24) "Liquor" includes the four varieties of liquor herein
11 defined (alcohol, spirits, wine and beer), and all fermented,
12 spirituous, vinous, or malt liquor, or combinations thereof, and mixed
13 liquor, a part of which is fermented, spirituous, vinous or malt
14 liquor, or otherwise intoxicating; and every liquid or solid or
15 semisolid or other substance, patented or not, containing alcohol,
16 spirits, wine or beer, and all drinks or drinkable liquids and all
17 preparations or mixtures capable of human consumption, and any liquid,
18 semisolid, solid, or other substance, which contains more than one
19 percent of alcohol by weight shall be conclusively deemed to be
20 intoxicating. Liquor does not include confections or food products
21 that contain one percent or less of alcohol by weight.

22 ~~((+26+))~~ (25) "Malt beverage" or "malt liquor" means any beverage
23 such as beer, ale, lager beer, stout, and porter obtained by the
24 alcoholic fermentation of an infusion or decoction of pure hops, or
25 pure extract of hops and pure barley malt or other wholesome grain or
26 cereal in pure water containing not more than eight percent of alcohol
27 by weight, and not less than one-half of one percent of alcohol by
28 volume. For the purposes of this title, any such beverage containing
29 more than eight percent of alcohol by weight shall be referred to as
30 "strong beer."

31 ~~((+27+))~~ (26) "Manufacturer" means a person engaged in the
32 preparation of liquor for sale, in any form whatsoever.

33 ~~((+28+))~~ (27) "Nightclub" means an establishment that provides
34 entertainment and has as its primary source of revenue (a) the sale of
35 alcohol for consumption on the premises, (b) cover charges, or (c)
36 both.

37 (28) "Office" means the office of alcohol beverage control.

1 (29) "Package" means any container or receptacle used for holding
2 liquor.

3 (30) "Passenger vessel" means any boat, ship, vessel, barge, or
4 other floating craft of any kind carrying passengers for compensation.

5 (31) "Permit" means a permit for the purchase of liquor under this
6 title.

7 (32) "Person" means an individual, copartnership, association, or
8 corporation.

9 (33) "Physician" means a medical practitioner duly and regularly
10 licensed and engaged in the practice of his or her profession within
11 the state pursuant to chapter 18.71 RCW.

12 (34) "Prescription" means a memorandum signed by a physician and
13 given by him or her to a patient for the obtaining of liquor pursuant
14 to this title for medicinal purposes.

15 (35) "Public place" includes streets and alleys of incorporated
16 cities and towns; state or county or township highways or roads;
17 buildings and grounds used for school purposes; public dance halls and
18 grounds adjacent thereto; those parts of establishments where beer may
19 be sold under this title, soft drink establishments, public buildings,
20 public meeting halls, lobbies, halls and dining rooms of hotels,
21 restaurants, theatres, stores, garages and filling stations which are
22 open to and are generally used by the public and to which the public is
23 permitted to have unrestricted access; railroad trains, stages, and
24 other public conveyances of all kinds and character, and the depots and
25 waiting rooms used in conjunction therewith which are open to
26 unrestricted use and access by the public; publicly owned bathing
27 beaches, parks, and/or playgrounds; and all other places of like or
28 similar nature to which the general public has unrestricted right of
29 access, and which are generally used by the public.

30 (36) "Regulations" means regulations made by the (~~board~~) office
31 under the powers conferred by this title.

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

36 (38) "Sale" and "sell" include exchange, barter, and traffic; and
37 also include the selling or supplying or distributing, by any means
38 whatsoever, of liquor, or of any liquid known or described as beer or

1 by any name whatever commonly used to describe malt or brewed liquor or
2 of wine, by any person to any person; and also include a sale or
3 selling within the state to a foreign consignee or his or her agent in
4 the state. "Sale" and "sell" shall not include the giving, at no
5 charge, of a reasonable amount of liquor by a person not licensed by
6 the ((board)) office to a person not licensed by the ((board)) office,
7 for personal use only. "Sale" and "sell" also does not include a
8 raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit
9 organization conducting the raffle has obtained the appropriate permit
10 from the ((board)) office.

11 (39) "Service bar" means a fixed or portable table, counter, cart,
12 or similar work station primarily used to prepare, mix, serve, and sell
13 alcohol that is picked up by employees or customers. Customers may not
14 be seated or allowed to consume food or alcohol at a service bar.

15 (40) "Soda fountain" means a place especially equipped with
16 apparatus for the purpose of dispensing soft drinks, whether mixed or
17 otherwise.

18 (41) "Spirits" means any beverage which contains alcohol obtained
19 by distillation, except flavored malt beverages, but including wines
20 exceeding twenty-four percent of alcohol by volume.

21 (42) "Store" means a state liquor store established under this
22 title.

23 (43) "Tavern" means any establishment with special space and
24 accommodation for sale by the glass and for consumption on the
25 premises, of beer, as herein defined.

26 (44) "VIP airport lounge" means an establishment within an
27 international airport located beyond security checkpoints that provides
28 a special space to sit, relax, read, work, and enjoy beverages where
29 access is controlled by the VIP airport lounge operator and is
30 generally limited to the following classifications of persons:

31 (a) Airline passengers of any age whose admission is based on a
32 first-class, executive, or business class ticket;

33 (b) Airline passengers of any age who are qualified members or
34 allowed guests of certain frequent flyer or other loyalty incentive
35 programs maintained by airlines that have agreements describing the
36 conditions for access to the VIP airport lounge;

37 (c) Airline passengers of any age who are qualified members or

1 allowed guests of certain enhanced amenities programs maintained by
2 companies that have agreements describing the conditions for access to
3 the VIP airport lounge;

4 (d) Airport and airline employees, government officials, foreign
5 dignitaries, and other attendees of functions held by the airport
6 authority or airlines related to the promotion of business objectives
7 such as increasing international air traffic and enhancing foreign
8 trade where access to the VIP airport lounge will be controlled by the
9 VIP airport lounge operator; and

10 (e) Airline passengers of any age or airline employees whose
11 admission is based on a pass issued or permission given by the airline
12 for access to the VIP airport lounge.

13 (45) "VIP airport lounge operator" means an airline, port district,
14 or other entity operating a VIP airport lounge that: Is accountable
15 for compliance with the alcohol beverage control act under this title
16 (~~66-RCW~~); holds the license under chapter 66.24 RCW issued to the VIP
17 airport lounge; and provides a point of contact for addressing any
18 licensing and enforcement by the (~~board~~) office.

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

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

3 (47) "Wine distributor" means a person who buys wine from a
4 domestic winery, wine certificate of approval holder, or wine importer,
5 or who acquires foreign produced wine from a source outside of the
6 United States, for the purpose of selling the same not in violation of
7 this title, or who represents such vintner or winery as agent.

8 (48) "Wine importer" means a person or business within Washington
9 who purchases wine from a wine certificate of approval holder or who
10 acquires foreign produced wine from a source outside of the United
11 States for the purpose of selling the same pursuant to this title.

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

14 **Sec. 2.** RCW 66.04.011 and 1977 ex.s. c 219 s 1 are each amended to
15 read as follows:

16 "Public place" as defined in this title shall not include (a) any
17 of those parks under the control of the state parks and recreation
18 commission, nor, (b) parks and picnic areas adjacent to and held by the
19 same ownership as licensed brewers and domestic wineries for the
20 consumption of beer and wine produced by the respective brewery or
21 winery, as prescribed by regulation adopted by the (~~board~~) office
22 pursuant to chapter 34.05 RCW.

23 **Sec. 3.** RCW 66.08.012 and 1961 c 307 s 7 are each amended to read
24 as follows:

25 There shall be (~~a board~~) an executive branch agency, known as the
26 (~~"Washington state liquor control board," consisting of three members,~~
27 ~~to be appointed by the governor, with the consent of the senate, who~~)
28 "office of alcohol beverage control." The executive head and
29 appointing authority of the office is the director. The director is
30 appointed by the governor, subject to confirmation by the senate. The
31 director serves at the pleasure of the governor. The director shall
32 (~~each~~) be paid an annual salary to be fixed by the governor in
33 accordance with the provisions of RCW 43.03.040. (~~The governor may,~~
34 ~~in his discretion, appoint one of the members as chairman of the board,~~
35 ~~and a majority of the members shall constitute a quorum of the board.~~)
36 If a vacancy occurs in the position of the director while the senate is

1 not in session, the governor shall make a temporary appointment until
2 the next meeting of the senate at which time he or she shall present to
3 the senate the nomination for the position.

4 **Sec. 4.** RCW 66.08.014 and 1986 c 105 s 1 are each amended to read
5 as follows:

6 ~~((1) The members of the board to be appointed after December 2,~~
7 ~~1948 shall be appointed for terms beginning January 15, 1949, and~~
8 ~~expiring as follows:—One member of the board for a term of three years~~
9 ~~from January 15, 1949; one member of the board for a term of six years~~
10 ~~from January 15, 1949; and one member of the board for a term of nine~~
11 ~~years from January 15, 1949.—Each of the members of the board~~
12 ~~appointed hereunder shall hold office until his successor is appointed~~
13 ~~and qualified. After June 11, 1986, the term that began on January 15,~~
14 ~~1985, will end on January 15, 1989, the term beginning on January 15,~~
15 ~~1988, will end on January 15, 1993, and the term beginning on January~~
16 ~~15, 1991, will end on January 15, 1997.—Thereafter, upon the~~
17 ~~expiration of the term of any member appointed after June 11, 1986,~~
18 ~~each succeeding member of the board shall be appointed and hold office~~
19 ~~for the term of six years. In case of a vacancy, it shall be filled by~~
20 ~~appointment by the governor for the unexpired portion of the term in~~
21 ~~which said vacancy occurs. No vacancy in the membership of the board~~
22 ~~shall impair the right of the remaining member or members to act,~~
23 ~~except as herein otherwise provided.~~

24 ~~(2))~~ The ~~((principal office))~~ headquarters of the ~~((board))~~ office
25 shall be at the state capitol, and it may establish such other offices
26 as it may deem necessary.

27 ~~((3) Any member of the board may be removed for inefficiency,~~
28 ~~malfeasance or misfeasance in office, upon specific written charges~~
29 ~~filed by the governor, who shall transmit such written charges to the~~
30 ~~member accused and to the chief justice of the supreme court.—The~~
31 ~~chief justice shall thereupon designate a tribunal composed of three~~
32 ~~judges of the superior court to hear and adjudicate the charges.—Such~~
33 ~~tribunal shall fix the time of the hearing, which shall be public, and~~
34 ~~the procedure for the hearing, and the decision of such tribunal shall~~
35 ~~be final and not subject to review by the supreme court.—Removal of~~
36 ~~any member of the board by the tribunal shall disqualify such member~~
37 ~~for reappointment.~~

1 ~~(4) Each member of the board shall devote his entire time to the~~
2 ~~duties of his office and no member of the board shall hold any other~~
3 ~~public office. Before entering upon the duties of his office, each of~~
4 ~~said members of the board shall enter into a surety bond executed by a~~
5 ~~surety company authorized to do business in this state, payable to the~~
6 ~~state of Washington, to be approved by the governor in the penal sum of~~
7 ~~fifty thousand dollars conditioned upon the faithful performance of his~~
8 ~~duties, and shall take and subscribe to the oath of office prescribed~~
9 ~~for elective state officers, which oath and bond shall be filed with~~
10 ~~the secretary of state. The premium for said bond shall be paid by the~~
11 ~~board.))~~

12 **Sec. 5.** RCW 66.08.016 and 1961 c 1 s 30 are each amended to read
13 as follows:

14 The ~~((board))~~ director may employ such ~~((number of employees as in~~
15 ~~its judgment are required from time to time))~~ personnel as may be
16 necessary to perform the duties of this title and such other duties as
17 may be authorized by law. The director may delegate any power or duty
18 vested in him or her by this act or other law.

19 **Sec. 6.** RCW 66.08.020 and 2012 c 2 (Initiative Measure No. 1183)
20 s 202 are each amended to read as follows:

21 The administration of this title is vested in the ~~((liquor))~~ office
22 of alcohol beverage control ~~((board))~~, constituted under this title.

23 **Sec. 7.** RCW 66.08.022 and 1961 ex.s. c 6 s 2 are each amended to
24 read as follows:

25 The attorney general shall be the general counsel of the ~~((liquor~~
26 ~~control board))~~ office and he or she shall institute and prosecute all
27 actions and proceedings which may be necessary in the enforcement and
28 carrying out of the provisions of this chapter and this title ~~((66~~
29 ~~RCW))~~.

30 ~~((He))~~ The attorney general shall assign such assistants as may be
31 necessary to the exclusive duty of assisting the ~~((liquor control~~
32 ~~board))~~ office in the enforcement of this title ~~((66-RCW))~~.

33 **Sec. 8.** RCW 66.08.024 and 1987 c 74 s 1 are each amended to read
34 as follows:

1 The state auditor shall audit the books, records, and affairs of
2 the ((board)) office annually. The ((board)) office may provide for
3 additional audits by certified public accountants. All such audits
4 shall be public records of the state. The payment of the audits
5 provided for in this section shall be paid as provided in RCW 66.08.026
6 for other administrative expenses.

7 **Sec. 9.** RCW 66.08.026 and 2012 c 2 (Initiative Measure No. 1183)
8 s 203 are each amended to read as follows:

9 Administrative expenses of the ((board)) office must be
10 appropriated and paid from the liquor revolving fund. These
11 administrative expenses include, but are not ((be)) limited to: The
12 salaries and expenses of the ((board)) office and its employees, legal
13 services, pilot projects, annual or other audits, and other general
14 costs of conducting the business of the ((board)) office. The
15 administrative expenses do not include those amounts distributed
16 pursuant to RCW 66.08.180, 66.08.190, 66.08.200, or 66.08.210. Agency
17 commissions for contract liquor stores must be established by the
18 ((~~liquor control board~~)) office after consultation with and approval by
19 the director of the office of financial management. All expenditures
20 and payment of obligations authorized by this section are subject to
21 the allotment requirements of chapter 43.88 RCW.

22 **Sec. 10.** RCW 66.08.030 and 2012 c 2 (Initiative Measure No. 1183)
23 s 204 are each amended to read as follows:

24 The power of the ((board)) office to make regulations under chapter
25 34.05 RCW extends to:

26 (1) Prescribing the duties of the employees of the ((board))
27 office, and regulating their conduct in the discharge of their duties;

28 (2) Prescribing an official seal and official labels and stamps and
29 determining the manner in which they must be attached to every package
30 of liquor sold or sealed under this title, including the prescribing of
31 different official seals or different official labels for different
32 classes of liquor;

33 (3) Prescribing forms to be used for purposes of this title or the
34 regulations, and the terms and conditions to be contained in permits
35 and licenses issued under this title, and the qualifications for
36 receiving a permit or license issued under this title, including a

1 criminal history record information check. The ((~~board~~)) office may
2 submit the criminal history record information check to the Washington
3 state patrol and to the identification division of the federal bureau
4 of investigation in order that these agencies may search their records
5 for prior arrests and convictions of the individual or individuals who
6 filled out the forms. The ((~~board~~)) office must require fingerprinting
7 of any applicant whose criminal history record information check is
8 submitted to the federal bureau of investigation;

9 (4) Prescribing the fees payable in respect of permits and licenses
10 issued under this title for which no fees are prescribed in this title,
11 and prescribing the fees for anything done or permitted to be done
12 under the regulations;

13 (5) Prescribing the kinds and quantities of liquor which may be
14 kept on hand by the holder of a special permit for the purposes named
15 in the permit, regulating the manner in which the same is kept and
16 disposed of, and providing for the inspection of the same at any time
17 at the instance of the ((~~board~~)) office;

18 (6) Regulating the sale of liquor kept by the holders of licenses
19 which entitle the holder to purchase and keep liquor for sale;

20 (7) Prescribing the records of purchases or sales of liquor kept by
21 the holders of licenses, and the reports to be made thereon to the
22 ((~~board~~)) office, and providing for inspection of the records so kept;

23 (8) Prescribing the kinds and quantities of liquor for which a
24 prescription may be given, and the number of prescriptions which may be
25 given to the same patient within a stated period;

26 (9) Prescribing the manner of giving and serving notices required
27 by this title or the regulations, where not otherwise provided for in
28 this title;

29 (10) Regulating premises in which liquor is kept for export from
30 the state, or from which liquor is exported, prescribing the books and
31 records to be kept therein and the reports to be made thereon to the
32 ((~~board~~)) office, and providing for the inspection of the premises and
33 the books, records and the liquor so kept;

34 (11) Prescribing the conditions and qualifications requisite for
35 the obtaining of club licenses and the books and records to be kept and
36 the returns to be made by clubs, prescribing the manner of licensing
37 clubs in any municipality or other locality, and providing for the
38 inspection of clubs;

1 (12) Prescribing the conditions, accommodations, and qualifications
2 requisite for the obtaining of licenses to sell beer, wines, and
3 spirits, and regulating the sale of beer, wines, and spirits
4 thereunder;

5 (13) Specifying and regulating the time and periods when, and the
6 manner, methods and means by which manufacturers must deliver liquor
7 within the state; and the time and periods when, and the manner,
8 methods and means by which liquor may lawfully be conveyed or carried
9 within the state;

10 (14) Providing for the making of returns by brewers of their sales
11 of beer shipped within the state, or from the state, showing the gross
12 amount of such sales and providing for the inspection of brewers' books
13 and records, and for the checking of the accuracy of any such returns;

14 (15) Providing for the making of returns by the wholesalers of beer
15 whose breweries are located beyond the boundaries of the state;

16 (16) Providing for the making of returns by any other liquor
17 manufacturers, showing the gross amount of liquor produced or
18 purchased, the amount sold within and exported from the state, and to
19 whom so sold or exported, and providing for the inspection of the
20 premises of any such liquor manufacturers, their books and records, and
21 for the checking of any such return;

22 (17) Providing for the giving of fidelity bonds by any or all of
23 the employees of the ((~~board~~)) office. However, the premiums therefor
24 must be paid by the ((~~board~~)) office;

25 (18) Providing for the shipment of liquor to any person holding a
26 permit and residing in any unit which has, by election pursuant to this
27 title, prohibited the sale of liquor therein;

28 (19) Prescribing methods of manufacture, conditions of sanitation,
29 standards of ingredients, quality and identity of alcoholic beverages
30 manufactured, sold, bottled, or handled by licensees and the ((~~board~~))
31 office; and conducting from time to time, in the interest of the public
32 health and general welfare, scientific studies and research relating to
33 alcoholic beverages and the use and effect thereof;

34 (20) Seizing, confiscating and destroying all alcoholic beverages
35 manufactured, sold or offered for sale within this state which do not
36 conform in all respects to the standards prescribed by this title or
37 the regulations of the ((~~board~~)) office. However, nothing herein
38 contained may be construed as authorizing the ((~~liquor board~~)) office

1 to prescribe, alter, limit or in any way change the present law as to
2 the quantity or percentage of alcohol used in the manufacturing of wine
3 or other alcoholic beverages.

4 **Sec. 11.** RCW 66.08.050 and 2012 c 2 (Initiative Measure No. 1183)
5 s 107 are each amended to read as follows:

6 The ((~~board~~)) office, subject to the provisions of this title and
7 the rules, must:

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

10 (2) Execute or cause to be executed, all contracts, papers, and
11 documents in the name of the ((~~board~~)) office, under such regulations
12 as the ((~~board~~)) office may fix;

13 (3) Pay all customs, duties, excises, charges and obligations
14 whatsoever relating to the business of the ((~~board~~)) office;

15 (4) Require bonds from all employees in the discretion of the
16 ((~~board~~)) office, and to determine the amount of fidelity bond of each
17 such employee;

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

21 (6) Accept and deposit into the general fund-local account and
22 disburse, subject to appropriation, federal grants or other funds or
23 donations from any source for the purpose of improving public awareness
24 of the health risks associated with alcohol consumption by youth and
25 the abuse of alcohol by adults in Washington state. The ((~~board's~~))
26 office's alcohol awareness program must cooperate with federal and
27 state agencies, interested organizations, and individuals to effect an
28 active public beverage alcohol awareness program;

29 (7) Perform all other matters and things, whether similar to the
30 foregoing or not, to carry out the provisions of this title, and has
31 full power to do each and every act necessary to the conduct of its
32 regulatory functions, including all supplies procurement, preparation
33 and approval of forms, and every other undertaking necessary to perform
34 its regulatory functions whatsoever, subject only to audit by the state
35 auditor. However, the ((~~board~~)) office has no authority to regulate
36 the content of spoken language on licensed premises where wine and

1 other liquors are served and where there is not a clear and present
2 danger of disorderly conduct being provoked by such language or to
3 restrict advertising of lawful prices.

4 **Sec. 12.** RCW 66.08.0501 and 1997 c 321 s 56 are each amended to
5 read as follows:

6 The (~~liquor control board~~) office may adopt appropriate rules
7 pursuant to chapter 34.05 RCW for the purpose of carrying out the
8 provisions of chapter 321, Laws of 1997.

9 **Sec. 13.** RCW 66.08.055 and 1933 ex.s. c 62 s 80 are each amended
10 to read as follows:

11 Every (~~member of the board, and every~~) employee authorized by the
12 (~~board~~) office to issue permits under this title may administer any
13 oath and take and receive any affidavit or declaration required under
14 this title or the regulations.

15 **Sec. 14.** RCW 66.08.060 and 2012 c 2 (Initiative Measure No. 1183)
16 s 108 are each amended to read as follows:

17 The (~~board~~) office has power to adopt any and all reasonable
18 rules as to the kind, character, and location of advertising of liquor.

19 **Sec. 15.** RCW 66.08.080 and 1994 c 154 s 313 are each amended to
20 read as follows:

21 Except as provided by chapter 42.52 RCW, no (~~member of the board~~
22 ~~and no~~) employee of the (~~board~~) office shall have any interest,
23 directly or indirectly, in the manufacture of liquor or in any liquor
24 sold under this title, or derive any profit or remuneration from the
25 sale of liquor, other than the salary or wages payable to him or her in
26 respect of his or her office or position, and shall receive no gratuity
27 from any person in connection with such business.

28 **Sec. 16.** RCW 66.08.090 and 1933 ex.s. c 62 s 31 are each amended
29 to read as follows:

30 No employee shall sell liquor in any other place, nor at any other
31 time, nor otherwise than as authorized by the (~~board~~) office under
32 this title and the regulations.

1 **Sec. 17.** RCW 66.08.095 and 1993 c 26 s 3 are each amended to read
2 as follows:

3 The (~~liquor control board~~) office may provide liquor at no
4 charge, including liquor forfeited under chapter 66.32 RCW, to
5 recognized law enforcement agencies within the state when the law
6 enforcement agency will be using the liquor for bona fide law
7 enforcement training or investigation purposes.

8 **Sec. 18.** RCW 66.08.100 and 1935 c 174 s 9 are each amended to read
9 as follows:

10 No court of the state of Washington other than the superior court
11 of Thurston county shall have jurisdiction over any action or
12 proceeding against the (~~board or any member thereof~~) office for
13 anything done or omitted to be done in or arising out of the
14 performance of (~~his or their~~) the office's duties under this title.
15 Neither the liquor control board nor any member or members thereof
16 shall be personally liable in any action at law for damages sustained
17 by any person because of any acts performed or done or omitted to be
18 done by the board or any employee of the board in the performance of
19 his or her duties and in the administration of this title.

20 **Sec. 19.** RCW 66.08.120 and 1933 ex.s. c 62 s 29 are each amended
21 to read as follows:

22 No municipality or county shall have power to license the sale of,
23 or impose an excise tax upon, liquor as defined in this title, or to
24 license the sale or distribution thereof in any manner; and any power
25 now conferred by law on any municipality or county to license premises
26 which may be licensed under this section, or to impose an excise tax
27 upon liquor, or to license the sale and distribution thereof, as
28 defined in this title, shall be suspended and shall be of no further
29 effect: PROVIDED, That municipalities and counties shall have power to
30 adopt police ordinances and regulations not in conflict with this title
31 or with the regulations made by the (~~board~~) office.

32 **Sec. 20.** RCW 66.08.130 and 1981 1st ex.s. c 5 s 4 are each amended
33 to read as follows:

34 For the purpose of obtaining information concerning any matter

1 relating to the administration or enforcement of this title, the
2 ((board)) office, or any person appointed by it in writing for the
3 purpose, may inspect the books and records of

- 4 (1) Any manufacturer;
- 5 (2) Any license holder;
- 6 (3) Any drug store holding a permit to sell on prescriptions;
- 7 (4) The freight and express books and records and all waybills,
8 bills of lading, receipts and documents in the possession of any common
9 carrier doing business within the state, containing any information or
10 record relating to any goods shipped or carried, or consigned or
11 received for shipment or carriage within the state. Every
12 manufacturer, license holder, drug store holding a permit to sell on
13 prescriptions, and common carrier, and every owner or officer or
14 employee of the foregoing, who neglects or refuses to produce and
15 submit for inspection any book, record or document referred to in this
16 section when requested to do so by the ((board)) office or by a person
17 so appointed by it shall be guilty of a violation of this title.

18 **Sec. 21.** RCW 66.08.140 and 1945 c 48 s 1 are each amended to read
19 as follows:

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

31 **Sec. 22.** RCW 66.08.145 and 2007 c 221 s 1 are each amended to read
32 as follows:

- 33 (1) The ((~~liquor control board~~)) office may issue subpoenas in
34 connection with any investigation, hearing, or proceeding for the
35 production of books, records, and documents held under this chapter or
36 chapters 70.155, 70.158, 82.24, and 82.26 RCW, and books and records of

1 common carriers as defined in RCW 81.80.010, or vehicle rental agencies
2 relating to the transportation or possession of cigarettes or other
3 tobacco products.

4 (2) The (~~liquor control board~~) office may designate individuals
5 authorized to sign subpoenas.

6 (3) If any person is served a subpoena from the (~~board~~) office
7 for the production of records, documents, and books, and fails or
8 refuses to obey the subpoena for the production of records, documents,
9 and books when required to do so, the person is subject to proceedings
10 for contempt, and the (~~board~~) office may institute contempt of court
11 proceedings in the superior court of Thurston county or in the county
12 in which the person resides.

13 **Sec. 23.** RCW 66.08.150 and 2007 c 370 s 3 are each amended to read
14 as follows:

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

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

25 (2) An opportunity for a hearing must be provided a permittee or
26 licensee prior to a revocation or modification of any permit or license
27 and, except as provided in subsection (4) of this section, prior to the
28 suspension of any permit or license.

29 (3) No hearing shall be required until demanded by the applicant,
30 permittee, or licensee.

31 (4) The (~~board~~) office may summarily suspend a license or permit
32 for a period of up to one hundred eighty days without a prior hearing
33 if it finds that public health, safety, or welfare imperatively require
34 emergency action, and it incorporates a finding to that effect in its
35 order. Proceedings for revocation or other action must be promptly
36 instituted and determined. An administrative law judge may extend the
37 summary suspension period for up to one calendar year in the event the

1 proceedings for revocation or other action cannot be completed during
2 the initial one hundred eighty day period due to actions by the
3 licensee or permittee. The ~~((board's))~~ office's enforcement division
4 shall complete a preliminary staff investigation of the violation
5 before requesting an emergency suspension by the ~~((board))~~ office.

6 **Sec. 24.** RCW 66.08.170 and 2011 1st sp.s. c 50 s 959 are each
7 amended to read as follows:

8 There shall be a fund, known as the "liquor revolving fund", which
9 shall consist of all license fees, permit fees, penalties, forfeitures,
10 and all other moneys, income, or revenue received by the ~~((board))~~
11 office. The state treasurer shall be custodian of the fund. All
12 moneys received by the ~~((board))~~ office or any employee thereof, except
13 for change funds and an amount of petty cash as fixed by the ~~((board))~~
14 office within the authority of law shall be deposited each day in a
15 depository approved by the state treasurer and transferred to the state
16 treasurer to be credited to the liquor revolving fund. ~~((During the
17 2009-2011 fiscal biennium, the legislature may transfer funds from the
18 liquor revolving account [fund] to the state general fund and may
19 direct an additional amount of liquor profits to be distributed to
20 local governments. Neither the transfer of funds nor the additional
21 distribution of liquor profits to local governments during the 2009-
22 2011 fiscal biennium may reduce the excess fund distributions that
23 otherwise would occur under RCW 66.08.190.))~~ During the 2011-2013
24 fiscal biennium, the state treasurer shall transfer from the liquor
25 revolving fund to the state general fund forty-two million five hundred
26 thousand dollars for fiscal year 2012 and forty-two million five
27 hundred thousand dollars for fiscal year 2013. The transfer during the
28 2011-2013 fiscal biennium may not reduce the excess fund distributions
29 that otherwise would occur under RCW 66.08.190. Sales to licensees are
30 exempt from any liquor price increases that may result from the
31 transfer of funds from the liquor revolving fund to the state general
32 fund during the 2011-2013 fiscal biennium. Disbursements from the
33 revolving fund shall be on authorization of the ~~((board))~~ office or a
34 duly authorized representative thereof. In order to maintain an
35 effective expenditure and revenue control the liquor revolving fund
36 shall be subject in all respects to chapter 43.88 RCW but no

1 appropriation shall be required to permit expenditures and payment of
2 obligations from such fund.

3 **Sec. 25.** RCW 66.08.180 and 2011 c 325 s 7 are each amended to read
4 as follows:

5 Except as provided in RCW 66.24.290(1), moneys in the liquor
6 revolving fund shall be distributed by the ((~~board~~)) office at least
7 once every three months in accordance with RCW 66.08.190, 66.08.200 and
8 66.08.210. However, the ((~~board~~)) office shall reserve from
9 distribution such amount not exceeding five hundred thousand dollars as
10 may be necessary for the proper administration of this title.

11 (1) All license fees, penalties, and forfeitures derived under
12 chapter 13, Laws of 1935 from spirits, beer, and wine restaurant;
13 spirits, beer, and wine private club; hotel; spirits, beer, and wine
14 nightclub; spirits, beer, and wine VIP airport lounge; and sports
15 entertainment facility licenses shall every three months be disbursed
16 by the ((~~board~~)) office as follows:

17 (a) Three hundred thousand dollars per biennium, to the death
18 investigations account for the state toxicology program pursuant to RCW
19 68.50.107; and

20 (b) Of the remaining funds:

21 (i) 6.06 percent to the University of Washington and 4.04 percent
22 to Washington State University for alcoholism and drug abuse research
23 and for the dissemination of such research; and

24 (ii) 89.9 percent to the general fund to be used by the department
25 of social and health services solely to carry out the purposes of RCW
26 70.96A.050;

27 (2) The first fifty-five dollars per license fee provided in RCW
28 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand
29 dollars annually shall be disbursed every three months by the ((~~board~~))
30 office to the general fund to be used for juvenile alcohol and drug
31 prevention programs for kindergarten through third grade to be
32 administered by the superintendent of public instruction;

33 (3) Twenty percent of the remaining total amount derived from
34 license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.350, and
35 66.24.360, shall be transferred to the general fund to be used by the
36 department of social and health services solely to carry out the
37 purposes of RCW 70.96A.050; and

1 (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210
2 shall every three months be disbursed by the ((~~board~~)) office to
3 Washington State University solely for wine and wine grape research,
4 extension programs related to wine and wine grape research, and
5 resident instruction in both wine grape production and the processing
6 aspects of the wine industry in accordance with RCW 28B.30.068. The
7 director of financial management shall prescribe suitable accounting
8 procedures to ensure that the funds transferred to the general fund to
9 be used by the department of social and health services and
10 appropriated are separately accounted for.

11 **Sec. 26.** RCW 66.08.230 and 1987 c 452 s 12 are each amended to
12 read as follows:

13 To provide for the operation of the wine commission prior to its
14 first quarterly disbursement, the ((~~liquor control board~~)) office
15 shall, on July 1, 1987, disburse one hundred ten thousand dollars to
16 the wine commission. However, such disbursement shall be repaid to the
17 ((~~liquor control board~~)) office by a reduction from the quarterly
18 disbursements to the wine commission under RCW 66.24.210 of twenty-
19 seven thousand five hundred dollars each quarter until such amount is
20 repaid. These funds shall be used to establish the Washington wine
21 commission and the other purposes delineated in chapter 15.88 RCW.

22 **Sec. 27.** RCW 66.12.020 and 1933 ex.s. c 62 s 48 are each amended
23 to read as follows:

24 Nothing in this title shall apply to or prevent the sale of liquor
25 by any person to the ((~~board~~)) office.

26 **Sec. 28.** RCW 66.12.030 and 1933 ex.s. c 62 s 49 are each amended
27 to read as follows:

28 (1) Nothing in this title shall prevent any person licensed to
29 manufacture liquor from keeping liquor in his or her warehouse or place
30 of business.

31 (2) Nothing in this title shall prevent the transshipment of liquor
32 in interstate and foreign commerce; but no person shall import liquor
33 into the state from any other state or country, except, as herein
34 otherwise provided, for use or sale in the state, except the ((~~board~~))
35 office.

1 (3) Every provision of this title which may affect transactions in
2 liquor between a person in this state and a person in another state or
3 in a foreign country shall be construed to affect such transactions so
4 far only as the legislature has power to make laws in relation thereto.

5 **Sec. 29.** RCW 66.12.070 and 1999 c 88 s 1 are each amended to read
6 as follows:

7 (1) Where a medicinal preparation contains liquor as one of the
8 necessary ingredients thereof, and also contains sufficient medication
9 to prevent its use as an alcoholic beverage, nothing in this title
10 shall apply to or prevent its composition or sale by a druggist when
11 compounded from liquor purchased by the druggist under a special permit
12 held by him or her, nor apply to or prevent the purchase or consumption
13 of the preparation by any person for strictly medicinal purposes.

14 (2) Where a toilet or culinary preparation, that is to say, any
15 perfume, lotion, or flavoring extract or essence, or dietary supplement
16 as defined by the federal food and drug administration, contains liquor
17 and also contains sufficient ingredient or medication to prevent its
18 use as a beverage, nothing in this title shall apply to or prevent the
19 sale or purchase of that preparation by any druggist or other person
20 who manufactures or deals in the preparation, nor apply to or prevent
21 the purchase or consumption of the preparation by any person who
22 purchases or consumes it for any toilet or culinary purpose.

23 (3) In order to determine whether any particular medicinal, toilet,
24 dietary supplement, or culinary preparation referred to in this section
25 contains sufficient ingredient or medication to prevent its use as an
26 alcoholic beverage, the ((~~board~~)) office may cause a sample of the
27 preparation, purchased or obtained from any person whomsoever, to be
28 analyzed by an analyst appointed or designated by the ((~~board~~)) office;
29 and if it appears from a certificate signed by the analyst that he or
30 she finds the sample so analyzed by him or her did not contain
31 sufficient ingredient or medication to prevent its use as an alcoholic
32 beverage, the certificate shall be conclusive evidence that the
33 preparation, the sample of which was so analyzed, is not a preparation
34 the sale or purchase of which is permitted by this section.

35 (4) Dietary supplements that contain more than one-half of one
36 percent alcohol which are prepared and sold under this section shall be

1 clearly labeled and the ingredients listed on the label in accordance
2 with the provisions of the federal food, drug, and cosmetics act (21
3 U.S.C. Sec. 321) as now or hereafter amended.

4 **Sec. 30.** RCW 66.12.110 and 1999 c 281 s 3 are each amended to read
5 as follows:

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

11 Such entry of alcoholic beverages in excess of that herein provided
12 may be authorized by the ((~~board~~)) office upon payment of an equivalent
13 markup and tax as would be applicable to the purchase of the same or
14 similar liquor at retail from a Washington state liquor store. The
15 ((~~board~~)) office shall adopt appropriate regulations pursuant to
16 chapter 34.05 RCW for the purpose of carrying out the provisions of
17 this section. The ((~~board~~)) office may issue a spirits, beer, and wine
18 private club license to a charitable or nonprofit corporation of the
19 state of Washington, the majority of the officers and directors of
20 which are United States citizens and the minority of the officers and
21 directors of which are citizens of the Dominion of Canada, and where
22 the location of the premises for such spirits, beer, and wine private
23 club license is not more than ten miles south of the border between the
24 United States and the province of British Columbia.

25 **Sec. 31.** RCW 66.12.120 and 1995 c 100 s 1 are each amended to read
26 as follows:

27 Notwithstanding any other provision of this title ((~~66-RCW~~)), a
28 person twenty-one years of age or over may, free of tax and markup, for
29 personal or household use, bring into the state of Washington from
30 another state no more than once per calendar month up to two liters of
31 spirits or wine or two hundred eighty-eight ounces of beer.
32 Additionally, such person may be authorized by the ((~~board~~)) office to
33 bring into the state of Washington from another state a reasonable
34 amount of alcoholic beverages in excess of that provided in this
35 section for personal or household use only upon payment of an
36 equivalent markup and tax as would be applicable to the purchase of the

1 same or similar liquor at retail from a state liquor store. The
2 ((board)) office shall adopt appropriate regulations pursuant to
3 chapter 34.05 RCW for the purpose of carrying into effect the
4 provisions of this section.

5 **Sec. 32.** RCW 66.12.140 and 1982 c 85 s 8 are each amended to read
6 as follows:

7 (1) Nothing in this title shall prevent the use of beer, wine,
8 and/or spirituous liquor, for cooking purposes only, in conjunction
9 with a culinary or restaurant course offered by a college, university,
10 community college, area vocational technical institute, or private
11 vocational school. Further, nothing in this title shall prohibit the
12 making of beer or wine in food fermentation courses offered by a
13 college, university, community college, area vocational technical
14 institute, or private vocational school.

15 (2) "Culinary or restaurant course" as used in this section means
16 a course of instruction which includes practical experience in food
17 preparation under the supervision of an instructor who is twenty-one
18 years of age or older.

19 (3) Persons under twenty-one years of age participating in culinary
20 or restaurant courses may handle beer, wine, or spirituous liquor for
21 purposes of participating in the courses, but nothing in this section
22 shall be construed to authorize consumption of liquor by persons under
23 twenty-one years of age or to authorize possession of liquor by persons
24 under twenty-one years of age at any time or place other than while
25 preparing food under the supervision of the course instructor.

26 (4) Beer, wine, and/or spirituous liquor to be used in culinary or
27 restaurant courses shall be purchased at retail from the ((board))
28 office or a retailer licensed under this title. All such liquor shall
29 be securely stored in the food preparation area and shall not be
30 displayed in an area open to the general public.

31 (5) Colleges, universities, community colleges, area vocational
32 technical institutes, and private vocational schools shall obtain the
33 prior written approval of the ((board)) office for use of beer, wine,
34 and/or spirituous liquor for cooking purposes in their culinary or
35 restaurant courses.

1 **Sec. 33.** RCW 66.16.090 and 1933 ex.s. c 62 s 89 are each amended
2 to read as follows:

3 All records whatsoever of the ((~~board~~)) office showing purchases by
4 any individual of liquor shall be deemed confidential, and, except
5 subject to audit by the state auditor, shall not be permitted to be
6 inspected by any person whatsoever, except by employees of the
7 ((~~board~~)) office to the extent permitted by the regulations; and no
8 ((~~member~~)) employee of the ((~~board and no employee whatsoever~~)) office
9 shall give out any information concerning such records and neither such
10 records nor any information relative thereto which shall make known the
11 name of any individual purchaser shall be competent to be admitted as
12 evidence in any court or courts except in prosecutions for illegal
13 possession of and/or sale of liquor. Any person violating the
14 provisions of this section shall be guilty of a misdemeanor.

15 **Sec. 34.** RCW 66.20.010 and 2012 c 2 (Initiative Measure No. 1183)
16 s 109 are each amended to read as follows:

17 Upon application in the prescribed form being made to any employee
18 authorized by the ((~~board~~)) office to issue permits, accompanied by
19 payment of the prescribed fee, and upon the employee being satisfied
20 that the applicant should be granted a permit under this title, the
21 employee must issue to the applicant under such regulations and at such
22 fee as may be prescribed by the ((~~board~~)) office a permit of the class
23 applied for, as follows:

24 (1) Where the application is for a special permit by a physician or
25 dentist, or by any person in charge of an institution regularly
26 conducted as a hospital or sanatorium for the care of persons in ill
27 health, or as a home devoted exclusively to the care of aged people, a
28 special liquor purchase permit, except that the governor may waive the
29 requirement for a special liquor purchase permit under this subsection
30 pursuant to an order issued under RCW 43.06.220(2);

31 (2) Where the application is for a special permit by a person
32 engaged within the state in mechanical or manufacturing business or in
33 scientific pursuits requiring alcohol for use therein, or by any
34 private individual, a special permit to purchase alcohol for the
35 purpose named in the permit, except that the governor may waive the
36 requirement for a special liquor purchase permit under this subsection
37 pursuant to an order issued under RCW 43.06.220(2);

1 (3) Where the application is for a special permit to consume liquor
2 at a banquet, at a specified date and place, a special permit to
3 purchase liquor for consumption at such banquet, to such applicants as
4 may be fixed by the ((~~board~~)) office;

5 (4) Where the application is for a special permit to consume liquor
6 on the premises of a business not licensed under this title, a special
7 permit to purchase liquor for consumption thereon for such periods of
8 time and to such applicants as may be fixed by the ((~~board~~)) office;

9 (5) Where the application is for a special permit by a manufacturer
10 to import or purchase within the state alcohol, malt, and other
11 materials containing alcohol to be used in the manufacture of liquor,
12 or other products, a special permit;

13 (6) Where the application is for a special permit by a person
14 operating a drug store to purchase liquor at retail prices only, to be
15 thereafter sold by such person on the prescription of a physician, a
16 special liquor purchase permit, except that the governor may waive the
17 requirement for a special liquor purchase permit under this subsection
18 pursuant to an order issued under RCW 43.06.220(2);

19 (7) Where the application is for a special permit by an authorized
20 representative of a military installation operated by or for any of the
21 armed forces within the geographical boundaries of the state of
22 Washington, a special permit to purchase liquor for use on such
23 military installation;

24 (8) Where the application is for a special permit by a vendor that
25 manufactures or sells a product which cannot be effectively presented
26 to potential buyers without serving it with liquor or by a
27 manufacturer, importer, or distributor, or representative thereof, to
28 serve liquor without charge to delegates and guests at a convention of
29 a trade association composed of licensees of the ((~~board~~)) office, when
30 the said liquor is served in a hospitality room or from a booth in a
31 ((~~board~~)) office-approved suppliers' display room at the convention,
32 and when the liquor so served is for consumption in the said
33 hospitality room or display room during the convention, anything in
34 this title to the contrary notwithstanding. Any such spirituous liquor
35 must be purchased from a spirits retailer or distributor, and any such
36 liquor is subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

37 (9) Where the application is for a special permit by a
38 manufacturer, importer, or distributor, or representative thereof, to

1 donate liquor for a reception, breakfast, luncheon, or dinner for
2 delegates and guests at a convention of a trade association composed of
3 licensees of the ((board)) office, when the liquor so donated is for
4 consumption at the said reception, breakfast, luncheon, or dinner
5 during the convention, anything in this title to the contrary
6 notwithstanding. Any such spirituous liquor must be purchased from a
7 spirits retailer or distributor, and any such liquor is subject to the
8 taxes imposed by RCW 66.24.290 and 66.24.210;

9 (10) Where the application is for a special permit by a
10 manufacturer, importer, or distributor, or representative thereof, to
11 donate and/or serve liquor without charge to delegates and guests at an
12 international trade fair, show, or exposition held under the auspices
13 of a federal, state, or local governmental entity or organized and
14 promoted by a nonprofit organization, anything in this title to the
15 contrary notwithstanding. Any such spirituous liquor must be purchased
16 from a liquor spirits retailer or distributor, and any such liquor is
17 subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

18 (11) Where the application is for an annual special permit by a
19 person operating a bed and breakfast lodging facility to donate or
20 serve wine or beer without charge to overnight guests of the facility
21 if the wine or beer is for consumption on the premises of the facility.
22 "Bed and breakfast lodging facility," as used in this subsection, means
23 a facility offering from one to eight lodging units and breakfast to
24 travelers and guests.

25 **Sec. 35.** RCW 66.20.020 and 1933 ex.s. c 62 s 13 are each amended
26 to read as follows:

27 (1) Every permit shall be issued in the name of the applicant
28 therefor, and no permit shall be transferable, nor shall the holder of
29 any permit allow any other person to use the permit.

30 (2) No person shall apply in any false or fictitious name for the
31 issuance to him or her of a permit, and no person shall furnish a false
32 or fictitious address in his or her application for a permit.

33 (3) Nothing in this title shall be construed as limiting the right
34 of any minister, priest or rabbi, or religious organization from
35 obtaining wine for sacramental purposes directly from any source
36 whatsoever, whether from within the limits of the state of Washington
37 or from outside the state; nor shall any fee be charged, directly or

1 indirectly, for the exercise of this right. The ((~~board~~)) office shall
2 have the power and authority to make reasonable rules and regulations
3 concerning the importing of any such liquor or wine, for the purpose of
4 preventing any unlawful use of such right.

5 **Sec. 36.** RCW 66.20.070 and 1933 ex.s. c 62 s 17 are each amended
6 to read as follows:

7 Where the holder of any permit issued under this title violates any
8 provision of this title or of the regulations, or is an interdicted
9 person, or is otherwise disqualified from holding a permit, the
10 ((~~board~~)) office, upon proof to its satisfaction of the fact or
11 existence of such violation, interdiction, or disqualification, and in
12 its discretion, may with or without any hearing, suspend the permit and
13 all rights of the holder thereunder for such period as the ((~~board~~))
14 office sees fit, or may cancel the permit.

15 **Sec. 37.** RCW 66.20.080 and 1933 ex.s. c 62 s 18 are each amended
16 to read as follows:

17 Upon receipt of notice of the suspension or cancellation of his or
18 her permit, the holder of the permit shall forthwith deliver up the
19 permit to the ((~~board~~)) office. Where the permit has been suspended
20 only, the ((~~board~~)) office shall return the permit to the holder at the
21 expiration or termination of the period of suspension. Where the
22 permit has been suspended or canceled, no employee shall knowingly
23 issue to the person whose permit is suspended or canceled a permit
24 under this title until the end of the period of suspension or within
25 the period of one year from the date of cancellation.

26 **Sec. 38.** RCW 66.20.085 and 1997 c 58 s 861 are each amended to
27 read as follows:

28 The ((~~board~~)) office shall immediately suspend the license of a
29 person who has been certified pursuant to RCW 74.20A.320 by the
30 department of social and health services as a person who is not in
31 compliance with a support order or a residential or visitation order.
32 If the person has continued to meet all other requirements for
33 reinstatement during the suspension, reissuance of the license shall be
34 automatic upon the ((~~board's~~)) office's receipt of a release issued by

1 the department of social and health services stating that the licensee
2 is in compliance with the order.

3 **Sec. 39.** RCW 66.20.090 and 1933 ex.s. c 62 s 19 are each amended
4 to read as follows:

5 Where any permit is presented to an employee by a person who is not
6 the holder of the permit, or where any permit which is suspended or
7 canceled is presented to an employee, the employee shall retain the
8 permit in his or her custody and shall forthwith notify the ((~~board~~))
9 office of the fact of its retention.

10 **Sec. 40.** RCW 66.20.160 and 2012 c 2 (Initiative Measure No. 1183)
11 s 110 are each amended to read as follows:

12 As used in RCW 66.20.160 through 66.20.210, inclusive, "licensee"
13 means the holder of a retail liquor license issued by the ((~~board~~))
14 office, and includes any employee or agent of the licensee.

15 **Sec. 41.** RCW 66.20.170 and 1973 1st ex.s. c 209 s 5 are each
16 amended to read as follows:

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

23 **Sec. 42.** RCW 66.20.180 and 2005 c 151 s 9 are each amended to read
24 as follows:

25 A card of identification shall be presented by the holder thereof
26 upon request of any licensee, store employee, contract liquor store
27 manager, contract liquor store employee, peace officer, or enforcement
28 officer of the ((~~board~~)) office for the purpose of aiding the licensee,
29 store employee, contract liquor store manager, contract liquor store
30 employee, peace officer, or enforcement officer of the ((~~board~~)) office
31 to determine whether or not such person is of legal age to purchase
32 liquor when such person desires to procure liquor from a licensed
33 establishment or state liquor store or contract liquor store.

1 **Sec. 43.** RCW 66.20.190 and 1981 1st ex.s. c 5 s 9 are each amended
2 to read as follows:

3 In addition to the presentation by the holder and verification by
4 the licensee or store employee of such card of identification, the
5 licensee or store employee who is still in doubt about the true age of
6 the holder shall require the person whose age may be in question to
7 sign a certification card and record an accurate description and serial
8 number of his or her card of identification thereon. Such statement
9 shall be upon a five-inch by eight-inch file card, which card shall be
10 filed alphabetically by the licensee or store employee at or before the
11 close of business on the day on which the statement is executed, in the
12 file box containing a suitable alphabetical index and the card shall be
13 subject to examination by any peace officer or agent or employee of the
14 (~~board~~) office at all times. The certification card shall also
15 contain in bold-face type a statement stating that the signer
16 understands that conviction for unlawful purchase of alcoholic
17 beverages or misuse of the certification card may result in criminal
18 penalties including imprisonment or fine or both.

19 **Sec. 44.** RCW 66.20.200 and 2003 c 53 s 295 are each amended to
20 read as follows:

21 (1) It shall be unlawful for the owner of a card of identification
22 to transfer the card to any other person for the purpose of aiding such
23 person to procure alcoholic beverages from any licensee or store
24 employee. Any person who shall permit his or her card of
25 identification to be used by another or transfer such card to another
26 for the purpose of aiding such transferee to obtain alcoholic beverages
27 from a licensee or store employee or gain admission to a premises or
28 portion of a premises classified by the (~~board~~) office as off-limits
29 to persons under twenty-one years of age, shall be guilty of a
30 misdemeanor punishable as provided by RCW 9A.20.021, except that a
31 minimum fine of two hundred fifty dollars shall be imposed and any
32 sentence requiring community restitution shall require not fewer than
33 twenty-five hours of community restitution.

34 (2) Any person not entitled thereto who unlawfully procures or has
35 issued or transferred to him or her a card of identification, and any
36 person who possesses a card of identification not issued to him or her,
37 and any person who makes any false statement on any certification card

1 required by RCW 66.20.190, to be signed by him or her, shall be guilty
2 of a misdemeanor punishable as provided by RCW 9A.20.021, except that
3 a minimum fine of two hundred fifty dollars shall be imposed and any
4 sentence requiring community restitution shall require not fewer than
5 twenty-five hours of community restitution.

6 **Sec. 45.** RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each
7 amended to read as follows:

8 No licensee or the agent or employee of the licensee, or store
9 employee, shall be prosecuted criminally or be sued in any civil action
10 for serving liquor to a person under legal age to purchase liquor if
11 such person has presented a card of identification in accordance with
12 RCW 66.20.180, and has signed a certification card as provided in RCW
13 66.20.190.

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

18 **Sec. 46.** RCW 66.20.300 and 2011 c 325 s 5 are each amended to read
19 as follows:

20 Unless the context clearly requires otherwise, the definitions in
21 this section apply throughout RCW 66.20.310 through 66.20.350.

22 (1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.

23 (2) "Alcohol server" means any person who as part of his or her
24 employment participates in the sale or service of alcoholic beverages
25 for on-premise consumption at a retail licensed premise as a regular
26 requirement of his or her employment, and includes those persons
27 eighteen years of age or older permitted by the liquor laws of this
28 state to serve alcoholic beverages with meals.

29 (3) (("Board")) "Office" means the Washington state ((liquor))
30 office of alcohol beverage control ((board)).

31 (4) "Training entity" means any liquor licensee associations,
32 independent contractors, private persons, and private or public
33 schools, that have been certified by the ((board)) office.

34 (5) "Retail licensed premises" means any:

35 (a) Premises licensed to sell alcohol by the glass or by the drink,

1 or in original containers primarily for consumption on the premises as
2 authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400,
3 66.24.425, 66.24.450, 66.24.570, and 66.24.610;

4 (b) Distillery licensed pursuant to RCW 66.24.140 that is
5 authorized to serve samples of its own production;

6 (c) Facility established by a domestic winery for serving and
7 selling wine pursuant to RCW 66.24.170(4); and

8 (d) Grocery store licensed under RCW 66.24.360, but only with
9 respect to employees whose duties include serving during tasting
10 activities under RCW 66.24.363.

11 **Sec. 47.** RCW 66.20.310 and 2011 c 325 s 4 are each amended to read
12 as follows:

13 (1)(a) There shall be an alcohol server permit, known as a class 12
14 permit, for a manager or bartender selling or mixing alcohol, spirits,
15 wines, or beer for consumption at an on-premises licensed facility.

16 (b) There shall be an alcohol server permit, known as a class 13
17 permit, for a person who only serves alcohol, spirits, wines, or beer
18 for consumption at an on-premises licensed facility.

19 (c) As provided by rule by the (~~board~~) office, a class 13 permit
20 holder may be allowed to act as a bartender without holding a class 12
21 permit.

22 (2)(a) Effective January 1, 1997, except as provided in (d) of this
23 subsection, every alcohol server employed, under contract or otherwise,
24 at a retail licensed premise shall be issued a class 12 or class 13
25 permit.

26 (b) Every class 12 and class 13 permit issued shall be issued in
27 the name of the applicant and no other person may use the permit of
28 another permit holder. The holder shall present the permit upon
29 request to inspection by a representative of the (~~board~~) office or a
30 peace officer. The class 12 or class 13 permit shall be valid for
31 employment at any retail licensed premises described in (a) of this
32 subsection.

33 (c) Except as provided in (d) of this subsection, no licensee
34 holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350,
35 66.24.400, 66.24.425, 66.24.450, 66.24.570, 66.24.600, and 66.24.610
36 may employ or accept the services of any person without the person
37 first having a valid class 12 or class 13 permit.

1 (d) Within sixty days of initial employment, every person whose
2 duties include the compounding, sale, service, or handling of liquor
3 shall have a class 12 or class 13 permit.

4 (e) No person may perform duties that include the sale or service
5 of alcoholic beverages on a retail licensed premises without possessing
6 a valid alcohol server permit.

7 (3) A permit issued by a training entity under this section is
8 valid for employment at any retail licensed premises described in
9 subsection (2)(a) of this section for a period of five years unless
10 suspended by the ((board)) office.

11 (4) The ((board)) office may suspend or revoke an existing permit
12 if any of the following occur:

13 (a) The applicant or permittee has been convicted of violating any
14 of the state or local intoxicating liquor laws of this state or has
15 been convicted at any time of a felony; or

16 (b) The permittee has performed or permitted any act that
17 constitutes a violation of this title or of any rule of the ((board))
18 office.

19 (5) The suspension or revocation of a permit under this section
20 does not relieve a licensee from responsibility for any act of the
21 employee or agent while employed upon the retail licensed premises.
22 The ((board)) office may, as appropriate, revoke or suspend either the
23 permit of the employee who committed the violation or the license of
24 the licensee upon whose premises the violation occurred, or both the
25 permit and the license.

26 (6)(a) After January 1, 1997, it is a violation of this title for
27 any retail licensee or agent of a retail licensee as described in
28 subsection (2)(a) of this section to employ in the sale or service of
29 alcoholic beverages, any person who does not have a valid alcohol
30 server permit or whose permit has been revoked, suspended, or denied.

31 (b) It is a violation of this title for a person whose alcohol
32 server permit has been denied, suspended, or revoked to accept
33 employment in the sale or service of alcoholic beverages.

34 (7) Grocery stores licensed under RCW 66.24.360, the primary
35 commercial activity of which is the sale of grocery products and for
36 which the sale and service of beer and wine for on-premises consumption
37 with food is incidental to the primary business, and employees of such

1 establishments, are exempt from RCW 66.20.300 through 66.20.350, except
2 for employees whose duties include serving during tasting activities
3 under RCW 66.24.363.

4 **Sec. 48.** RCW 66.20.320 and 1996 c 311 s 2 are each amended to read
5 as follows:

6 (1) The ((~~board~~)) office shall regulate a required alcohol server
7 education program that includes:

8 (a) Development of the curriculum and materials for the education
9 program;

10 (b) Examination and examination procedures;

11 (c) Certification procedures, enforcement policies, and penalties
12 for education program instructors and providers;

13 (d) The curriculum for an approved class 12 alcohol permit training
14 program that includes but is not limited to the following subjects:

15 (i) The physiological effects of alcohol including the effects of
16 alcohol in combination with drugs;

17 (ii) Liability and legal information;

18 (iii) Driving while intoxicated;

19 (iv) Intervention with the problem customer, including ways to stop
20 service, ways to deal with the belligerent customer, and alternative
21 means of transportation to get the customer safely home;

22 (v) Methods for checking proper identification of customers;

23 (vi) Nationally recognized programs, such as TAM (Techniques in
24 Alcohol Management) and TIPS (Training for Intervention Programs)
25 modified to include Washington laws and regulations.

26 (2) The ((~~board~~)) office shall provide the program through liquor
27 licensee associations, independent contractors, private persons,
28 private or public schools certified by the ((~~board~~)) office, or any
29 combination of such providers.

30 (3) Each training entity shall provide a class 12 permit to the
31 manager or bartender who has successfully completed a course the
32 ((~~board~~)) office has certified. A list of the individuals receiving
33 the class 12 permit shall be forwarded to the ((~~board~~)) office on the
34 completion of each course given by the training entity.

35 (4) After January 1, 1997, the ((~~board~~)) office shall require all
36 alcohol servers applying for a class 13 alcohol server permit to view

1 a video training session. Retail liquor licensees shall fully
2 compensate employees for the time spent participating in this training
3 session.

4 (5) When requested by a retail liquor licensee, the ((~~board~~))
5 office shall provide copies of videotaped training programs that have
6 been produced by private vendors and make them available for a nominal
7 fee to cover the cost of purchasing and shipment, with the fees being
8 deposited in the liquor revolving fund for distribution to the
9 ((~~board~~)) office as needed.

10 (6) Each training entity may provide the ((~~board~~)) office with a
11 video program of not less than one hour that covers the subjects in
12 subsection (1)(d)(i) through (v) of this section that will be made
13 available to a licensee for the training of a class 13 alcohol server.

14 (7) Applicants shall be given a class 13 permit upon the successful
15 completion of the program.

16 (8) A list of the individuals receiving the class 13 permit shall
17 be forwarded to the ((~~board~~)) office on the completion of each video
18 training program.

19 (9) The ((~~board~~)) office shall develop a model permit for the class
20 12 and 13 permits. The ((~~board~~)) office may provide such permits to
21 training entities or licensees for a nominal cost to cover production.

22 (10)(a) Persons who have completed a nationally recognized alcohol
23 management or intervention program since July 1, 1993, may be issued a
24 class 12 or 13 permit upon providing proof of completion of such
25 training to the ((~~board~~)) office.

26 (b) Persons who completed the ((~~board's~~)) office's alcohol server
27 training program after July 1, 1993, but before July 1, 1995, may be
28 issued a class 13 permit upon providing proof of completion of such
29 training to the ((~~board~~)) office.

30 **Sec. 49.** RCW 66.20.330 and 1995 c 51 s 5 are each amended to read
31 as follows:

32 The ((~~board~~)) office shall adopt rules to implement RCW 66.20.300
33 through 66.20.350 including, but not limited to, procedures and grounds
34 for denying, suspending, or revoking permits.

35 **Sec. 50.** RCW 66.20.340 and 1995 c 51 s 6 are each amended to read
36 as follows:

1 A violation of any of the rules of the ((board)) office adopted to
2 implement RCW 66.20.300 through 66.20.350 is a misdemeanor, punishable
3 by a fine of not more than two hundred fifty dollars for a first
4 offense. A subsequent offense is punishable by a fine of not more than
5 five hundred dollars, or imprisonment for not more than ninety days, or
6 both the fine and imprisonment.

7 **Sec. 51.** RCW 66.20.350 and 1995 c 51 s 7 are each amended to read
8 as follows:

9 Fees collected by the ((board)) office under RCW 66.20.300 through
10 66.20.350 shall be deposited in the liquor revolving fund in accordance
11 with RCW 66.08.170.

12 **Sec. 52.** RCW 66.20.365 and 2006 c 49 s 2 are each amended to read
13 as follows:

14 Before wine may be shipped by a domestic winery or an out-of-state
15 winery to a person who is a resident of Washington, the winery must:

16 (1) Obtain a wine shipper's permit under procedures prescribed by
17 the ((board)) office by rule and pay a fee established by the ((board))
18 office, if the winery is located outside the state; or

19 (2) Be licensed as a domestic winery by the ((board)) office and
20 have paid the annual license fee.

21 **Sec. 53.** RCW 66.20.370 and 2006 c 49 s 3 are each amended to read
22 as follows:

23 (1) An applicant for a wine shipper's permit under RCW 66.20.365
24 must:

25 (a) Operate a winery located in the United States;

26 (b) Provide the ((board)) office a copy of its valid license to
27 manufacture wine issued by another state;

28 (c) Certify that it holds all state and federal licenses and
29 permits necessary to operate a winery; and

30 (d) Register with the department of revenue under RCW 82.32.030.

31 (2) Holders of a winery certificate of approval under RCW
32 66.24.206(1)(a) are deemed to hold a wine shipper's permit without
33 further application or fee, if the holder meets all requirements for a
34 wine shipper's permit. A winery certificate of approval holder who

1 wants to ship wine under its wine shipper's permit privilege must
2 notify the ((~~liquor control board~~)) office in a manner determined by
3 the ((~~board~~)) office before shipping any wine to a Washington consumer.

4 (3) Holders of a wine shipper's permit must:

5 (a) Pay the tax under RCW 66.24.210 for sales of wine to Washington
6 state residents; and

7 (b) Collect and remit to the department of revenue all applicable
8 state and local sales and use taxes imposed by or under the authority
9 of chapters 82.08, 82.12, and 82.14 RCW on all sales of wine delivered
10 to buyers in this state, regardless of whether the permit holder has a
11 physical presence in this state.

12 **Sec. 54.** RCW 66.20.380 and 2006 c 49 s 5 are each amended to read
13 as follows:

14 (1) A wine shipper's permit holder and a domestic winery must
15 report to the ((~~board~~)) office, on or before the twentieth day of each
16 month, all shipments of wine made during the preceding calendar month
17 directly to Washington consumers under a wine shipper's permit or a
18 domestic winery license in effect for all or any portion of the
19 preceding year. All reports will be on forms prescribed by the
20 ((~~board~~)) office.

21 (2) A wine shipper's permit holder, a winery certificate of
22 approval holder, or domestic winery who advertises or offers wine for
23 direct shipment to customers within this state must clearly and
24 conspicuously display the permit or license number in its advertising.

25 **Sec. 55.** RCW 66.20.385 and 2006 c 49 s 6 are each amended to read
26 as follows:

27 A fee for a wine shipper's permit may be established by the
28 ((~~board~~)) office.

29 **Sec. 56.** RCW 66.24.010 and 2011 c 195 s 1 are each amended to read
30 as follows:

31 (1) Every license shall be issued in the name of the applicant, and
32 the holder thereof shall not allow any other person to use the license.

33 (2) For the purpose of considering any application for a license,
34 or the renewal of a license, the ((~~board~~)) office may cause an
35 inspection of the premises to be made, and may inquire into all matters

1 in connection with the construction and operation of the premises. For
2 the purpose of reviewing any application for a license and for
3 considering the denial, suspension, revocation, or renewal or denial
4 thereof, of any license, the (~~liquor control board~~) office may
5 consider any prior criminal conduct of the applicant including an
6 administrative violation history record with the (~~board~~) office and
7 a criminal history record information check. The (~~board~~) office may
8 submit the criminal history record information check to the Washington
9 state patrol and to the identification division of the federal bureau
10 of investigation in order that these agencies may search their records
11 for prior arrests and convictions of the individual or individuals who
12 filled out the forms. The (~~board~~) office shall require
13 fingerprinting of any applicant whose criminal history record
14 information check is submitted to the federal bureau of investigation.
15 The provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply
16 to such cases. Subject to the provisions of this section, the
17 (~~board~~) office may, in its discretion, grant or deny the renewal or
18 license applied for. Denial may be based on, without limitation, the
19 existence of chronic illegal activity documented in objections
20 submitted pursuant to subsections (8)(d) and (12) of this section.
21 Authority to approve an uncontested or unopposed license may be granted
22 by the (~~board~~) office to any staff member the (~~board~~) office
23 designates in writing. Conditions for granting such authority shall be
24 adopted by rule. No retail license of any kind may be issued to:

25 (a) A person doing business as a sole proprietor who has not
26 resided in the state for at least one month prior to receiving a
27 license, except in cases of licenses issued to dining places on
28 railroads, boats, or aircraft;

29 (b) A copartnership, unless all of the members thereof are
30 qualified to obtain a license, as provided in this section;

31 (c) A person whose place of business is conducted by a manager or
32 agent, unless such manager or agent possesses the same qualifications
33 required of the licensee;

34 (d) A corporation or a limited liability company, unless it was
35 created under the laws of the state of Washington or holds a
36 certificate of authority to transact business in the state of
37 Washington.

1 (3)(a) The ((board)) office may, in its discretion, subject to the
2 provisions of RCW 66.08.150, suspend or cancel any license; and all
3 rights of the licensee to keep or sell liquor thereunder shall be
4 suspended or terminated, as the case may be.

5 (b) The ((board)) office shall immediately suspend the license or
6 certificate of a person who has been certified pursuant to RCW
7 74.20A.320 by the department of social and health services as a person
8 who is not in compliance with a support order. If the person has
9 continued to meet all other requirements for reinstatement during the
10 suspension, reissuance of the license or certificate shall be automatic
11 upon the ((board's)) office's receipt of a release issued by the
12 department of social and health services stating that the licensee is
13 in compliance with the order.

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

21 (d) Witnesses shall be allowed fees and mileage each way to and
22 from any such inquiry, investigation, hearing, or proceeding at the
23 rate authorized by RCW 34.05.446. Fees need not be paid in advance of
24 appearance of witnesses to testify or to produce books, records, or
25 other legal evidence.

26 (e) In case of disobedience of any person to comply with the order
27 of the ((board)) office or a subpoena issued by the ((~~board, or any of~~
28 ~~its members,~~)) office or an administrative law judge((~~s~~)), or on the
29 refusal of a witness to testify to any matter regarding which he or she
30 may be lawfully interrogated, the judge of the superior court of the
31 county in which the person resides, on application of ((~~any member of~~))
32 the ((board)) office or an administrative law judge, shall compel
33 obedience by contempt proceedings, as in the case of disobedience of
34 the requirements of a subpoena issued from said court or a refusal to
35 testify therein.

36 (4) Upon receipt of notice of the suspension or cancellation of a
37 license, the licensee shall forthwith deliver up the license to the
38 ((board)) office. Where the license has been suspended only, the

1 ((~~board~~)) office shall return the license to the licensee at the
2 expiration or termination of the period of suspension. The ((~~board~~))
3 office shall notify all vendors in the city or place where the licensee
4 has its premises of the suspension or cancellation of the license; and
5 no employee may allow or cause any liquor to be delivered to or for any
6 person at the premises of that licensee.

7 (5)(a) At the time of the original issuance of a spirits, beer, and
8 wine restaurant license, the ((~~board~~)) office shall prorate the license
9 fee charged to the new licensee according to the number of calendar
10 quarters, or portion thereof, remaining until the first renewal of that
11 license is required.

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

22 (6) Every license issued under this section shall be subject to all
23 conditions and restrictions imposed by this title or by rules adopted
24 by the ((~~board~~)) office. All conditions and restrictions imposed by
25 the ((~~board~~)) office in the issuance of an individual license may be
26 listed on the face of the individual license along with the trade name,
27 address, and expiration date. Conditions and restrictions imposed by
28 the ((~~board~~)) office may also be included in official correspondence
29 separate from the license.

30 (7) Every licensee shall post and keep posted its license, or
31 licenses, and any additional correspondence containing conditions and
32 restrictions imposed by the ((~~board~~)) office in a conspicuous place on
33 the premises.

34 (8)(a) Unless (b) of this subsection applies, before the ((~~board~~))
35 office issues a new or renewal license to an applicant it shall give
36 notice of such application to the chief executive officer of the
37 incorporated city or town, if the application is for a license within

1 an incorporated city or town, or to the county legislative authority,
2 if the application is for a license outside the boundaries of
3 incorporated cities or towns.

4 (b) If the application for a special occasion license is for an
5 event held during a county, district, or area fair as defined by RCW
6 15.76.120, and the county, district, or area fair is located on
7 property owned by the county but located within an incorporated city or
8 town, the county legislative authority shall be the entity notified by
9 the ((board)) office under (a) of this subsection. The ((board))
10 office shall send a duplicate notice to the incorporated city or town
11 within which the fair is located.

12 (c) The incorporated city or town through the official or employee
13 selected by it, or the county legislative authority or the official or
14 employee selected by it, shall have the right to file with the
15 ((board)) office within twenty days after the date of transmittal of
16 such notice for applications, or at least thirty days prior to the
17 expiration date for renewals, written objections against the applicant
18 or against the premises for which the new or renewal license is asked.
19 The ((board)) office may extend the time period for submitting written
20 objections.

21 (d) The written objections shall include a statement of all facts
22 upon which such objections are based, and in case written objections
23 are filed, the city or town or county legislative authority may request
24 and the ((~~liquor control board~~)) office may in its discretion hold a
25 hearing subject to the applicable provisions of Title 34 RCW. If the
26 ((board)) office makes an initial decision to deny a license or renewal
27 based on the written objections of an incorporated city or town or
28 county legislative authority, the applicant may request a hearing
29 subject to the applicable provisions of Title 34 RCW. If such a
30 hearing is held at the request of the applicant, ((~~liquor control~~
31 ~~board~~)) office representatives shall present and defend the ((board's))
32 office's initial decision to deny a license or renewal.

33 (e) Upon the granting of a license under this title the ((board))
34 office shall send written notification to the chief executive officer
35 of the incorporated city or town in which the license is granted, or to
36 the county legislative authority if the license is granted outside the
37 boundaries of incorporated cities or towns. When the license is for a
38 special occasion license for an event held during a county, district,

1 or area fair as defined by RCW 15.76.120, and the county, district, or
2 area fair is located on county-owned property but located within an
3 incorporated city or town, the written notification shall be sent to
4 both the incorporated city or town and the county legislative
5 authority.

6 (9)(a) Before the ((~~board~~)) office issues any license to any
7 applicant, it shall give (i) due consideration to the location of the
8 business to be conducted under such license with respect to the
9 proximity of churches, schools, and public institutions and (ii)
10 written notice, with receipt verification, of the application to public
11 institutions identified by the ((~~board~~)) office as appropriate to
12 receive such notice, churches, and schools within five hundred feet of
13 the premises to be licensed. The ((~~board~~)) office shall not issue a
14 liquor license for either on-premises or off-premises consumption
15 covering any premises not now licensed, if such premises are within
16 five hundred feet of the premises of any tax-supported public
17 elementary or secondary school measured along the most direct route
18 over or across established public walks, streets, or other public
19 passageway from the main entrance of the school to the nearest public
20 entrance of the premises proposed for license, and if, after receipt by
21 the school of the notice as provided in this subsection, the ((~~board~~))
22 office receives written objection, within twenty days after receiving
23 such notice, from an official representative or representatives of the
24 school within five hundred feet of said proposed licensed premises,
25 indicating to the ((~~board~~)) office that there is an objection to the
26 issuance of such license because of proximity to a school. The
27 ((~~board~~)) office may extend the time period for submitting objections.
28 For the purpose of this section, "church" means a building erected for
29 and used exclusively for religious worship and schooling or other
30 activity in connection therewith. For the purpose of this section,
31 "public institution" means institutions of higher education, parks,
32 community centers, libraries, and transit centers.

33 (b) No liquor license may be issued or reissued by the ((~~board~~))
34 office to any motor sports facility or licensee operating within the
35 motor sports facility unless the motor sports facility enforces a
36 program reasonably calculated to prevent alcohol or alcoholic beverages
37 not purchased within the facility from entering the facility and such
38 program is approved by local law enforcement agencies.

1 (c) It is the intent under this subsection (9) that a retail
2 license shall not be issued by the ((~~board~~)) office where doing so
3 would, in the judgment of the ((~~board~~)) office, adversely affect a
4 private school meeting the requirements for private schools under Title
5 28A RCW, which school is within five hundred feet of the proposed
6 licensee. The ((~~board~~)) office shall fully consider and give
7 substantial weight to objections filed by private schools. If a
8 license is issued despite the proximity of a private school, the
9 ((~~board~~)) office shall state in a letter addressed to the private
10 school the ((~~board's~~)) office's reasons for issuing the license.

11 (10) The restrictions set forth in subsection (9) of this section
12 shall not prohibit the ((~~board~~)) office from authorizing the assumption
13 of existing licenses now located within the restricted area by other
14 persons or licenses or relocations of existing licensed premises within
15 the restricted area. In no case may the licensed premises be moved
16 closer to a church or school than it was before the assumption or
17 relocation.

18 (11)(a) Nothing in this section prohibits the ((~~board~~)) office, in
19 its discretion, from issuing a temporary retail or distributor license
20 to an applicant to operate the retail or distributor premises during
21 the period the application for the license is pending. The ((~~board~~))
22 office may establish a fee for a temporary license by rule.

23 (b) A temporary license issued by the ((~~board~~)) office under this
24 section shall be for a period not to exceed sixty days. A temporary
25 license may be extended at the discretion of the ((~~board~~)) office for
26 additional periods of sixty days upon payment of an additional fee and
27 upon compliance with all conditions required in this section.

28 (c) Refusal by the ((~~board~~)) office to issue or extend a temporary
29 license shall not entitle the applicant to request a hearing. A
30 temporary license may be canceled or suspended summarily at any time if
31 the ((~~board~~)) office determines that good cause for cancellation or
32 suspension exists. RCW 66.08.130 applies to temporary licenses.

33 (d) Application for a temporary license shall be on such form as
34 the ((~~board~~)) office shall prescribe. If an application for a
35 temporary license is withdrawn before issuance or is refused by the
36 ((~~board~~)) office, the fee which accompanied such application shall be
37 refunded in full.

1 (12) In determining whether to grant or deny a license or renewal
2 of any license, the ((board)) office shall give substantial weight to
3 objections from an incorporated city or town or county legislative
4 authority based upon chronic illegal activity associated with the
5 applicant's operations of the premises proposed to be licensed or the
6 applicant's operation of any other licensed premises, or the conduct of
7 the applicant's patrons inside or outside the licensed premises.
8 "Chronic illegal activity" means (a) a pervasive pattern of activity
9 that threatens the public health, safety, and welfare of the city,
10 town, or county including, but not limited to, open container
11 violations, assaults, disturbances, disorderly conduct, or other
12 criminal law violations, or as documented in crime statistics, police
13 reports, emergency medical response data, calls for service, field
14 data, or similar records of a law enforcement agency for the city,
15 town, county, or any other municipal corporation or any state agency;
16 or (b) an unreasonably high number of citations for violations of RCW
17 46.61.502 associated with the applicant's or licensee's operation of
18 any licensed premises as indicated by the reported statements given to
19 law enforcement upon arrest.

20 **Sec. 57.** RCW 66.24.012 and 1997 c 58 s 862 are each amended to
21 read as follows:

22 The ((board)) office shall immediately suspend the license of a
23 person who has been certified pursuant to RCW 74.20A.320 by the
24 department of social and health services as a person who is not in
25 compliance with a support order or a residential or visitation order.
26 If the person has continued to meet all other requirements for
27 reinstatement during the suspension, reissuance of the license shall be
28 automatic upon the ((board's)) office's receipt of a release issued by
29 the department of social and health services stating that the licensee
30 is in compliance with the order.

31 **Sec. 58.** RCW 66.24.013 and 2011 1st sp.s. c 42 s 15 are each
32 amended to read as follows:

33 The ((board)) office shall immediately suspend the license of a
34 business that has been issued a license under RCW 66.24.330, 66.24.371,
35 or 66.24.600 if the ((board)) office receives information that the
36 business has not complied with RCW 74.08.580(2). If the licensee has

1 remained otherwise eligible to be licensed, the ((~~board~~)) office may
2 reinstate the suspended license when the business has complied with RCW
3 74.08.580(2).

4 **Sec. 59.** RCW 66.24.025 and 2002 c 119 s 4 are each amended to read
5 as follows:

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

20 (2) The proposed sale of more than ten percent of the outstanding
21 and/or issued stock of a licensed corporation or any proposed change in
22 the officers of a licensed corporation must be reported to the
23 ((~~board~~)) office, and ((~~board~~)) office approval must be obtained before
24 such changes are made. A fee of seventy-five dollars will be charged
25 for the processing of such change of stock ownership and/or corporate
26 officers.

27 **Sec. 60.** RCW 66.24.120 and 1973 1st ex.s. c 209 s 12 are each
28 amended to read as follows:

29 The ((~~board~~)) office in suspending any license may further provide
30 in the order of suspension that such suspension shall be vacated upon
31 payment to the ((~~board~~)) office by the licensee of a monetary penalty
32 in an amount then fixed by the ((~~board~~)) office.

33 **Sec. 61.** RCW 66.24.140 and 2010 c 290 s 1 are each amended to read
34 as follows:

1 There shall be a license to distillers, including blending,
2 rectifying and bottling; fee two thousand dollars per annum, unless
3 provided otherwise as follows:

4 (1) For distillers producing sixty thousand gallons or less of
5 spirits with at least half of the raw materials used in the production
6 grown in Washington, the license fee shall be reduced to one hundred
7 dollars per annum;

8 (2) The ((~~board~~)) office shall license stills used and to be used
9 solely and only by a commercial chemist for laboratory purposes, and
10 not for the manufacture of liquor for sale, at a fee of twenty dollars
11 per annum;

12 (3) The ((~~board~~)) office shall license stills used and to be used
13 solely and only for laboratory purposes in any school, college or
14 educational institution in the state, without fee; and

15 (4) The ((~~board~~)) office shall license stills which shall have been
16 duly licensed as fruit and/or wine distilleries by the federal
17 government, used and to be used solely as fruit and/or wine
18 distilleries in the production of fruit brandy and wine spirits, at a
19 fee of two hundred dollars per annum.

20 **Sec. 62.** RCW 66.24.145 and 2012 c 2 (Initiative Measure No. 1183)
21 s 205 are each amended to read as follows:

22 (1) Any craft distillery may sell spirits of its own production for
23 consumption off the premises, up to two liters per person per day. A
24 craft distillery selling spirits under this subsection must comply with
25 the applicable laws and rules relating to retailers.

26 (2) Any craft distillery may contract distill spirits for, and sell
27 contract distilled spirits to, holders of distillers' or manufacturers'
28 licenses, including licenses issued under RCW 66.24.520, or for export.

29 (3) Any craft distillery licensed under this section may provide,
30 free of charge, one-half ounce or less samples of spirits of its own
31 production to persons on the premises of the distillery. The maximum
32 total per person per day is two ounces. Every person who participates
33 in any manner in the service of samples must obtain a class 12 alcohol
34 server permit.

35 (4) The ((~~board~~)) office must adopt rules to implement the alcohol
36 server permit requirement and may adopt additional rules to implement
37 this section.

1 (5) Distilling is an agricultural practice.

2 **Sec. 63.** RCW 66.24.--- and 2012 c 2 (Initiative Measure No. 1183)
3 s 206 are each amended to read as follows:

4 Any distiller licensed under this title may act as a retailer
5 and/or distributor to retailers selling for consumption on or off the
6 licensed premises of spirits of its own production, and any
7 manufacturer, importer, or bottler of spirits holding a certificate of
8 approval may act as a distributor of spirits it is entitled to import
9 into the state under such certificate. The ((~~board~~)) office must by
10 rule provide for issuance of certificates of approval to spirits
11 suppliers. An industry member operating as a distributor and/or
12 retailer under this section must comply with the applicable laws and
13 rules relating to distributors and/or retailers, except that an
14 industry member operating as a distributor under this section may
15 maintain a warehouse off the distillery premises for the distribution
16 of spirits of its own production to spirits retailers within the state,
17 if the warehouse is within the United States and has been approved by
18 the ((~~board~~)) office.

19 **Sec. 64.** RCW 66.24.160 and 2012 c 2 (Initiative Measure No. 1183)
20 s 207 are each amended to read as follows:

21 A spirits importer's license may be issued to any qualified person,
22 firm or corporation, entitling the holder thereof to import into the
23 state any liquor other than beer or wine; to store the same within the
24 state, and to sell and export the same from the state; fee six hundred
25 dollars per annum. Such spirits importer's license is subject to all
26 conditions and restrictions imposed by this title or by the rules and
27 regulations of the ((~~board~~)) office, and is issued only upon such terms
28 and conditions as may be imposed by the ((~~board~~)) office.

29 **Sec. 65.** RCW 66.24.170 and 2011 c 62 s 2 are each amended to read
30 as follows:

31 (1) There shall be a license for domestic wineries; fee to be
32 computed only on the liters manufactured: Less than two hundred fifty
33 thousand liters per year, one hundred dollars per year; and two hundred
34 fifty thousand liters or more per year, four hundred dollars per year.

1 (2) The license allows for the manufacture of wine in Washington
2 state from grapes or other agricultural products.

3 (3) Any domestic winery licensed under this section may also act as
4 a retailer of wine of its own production. Any domestic winery licensed
5 under this section may act as a distributor of its own production.
6 Notwithstanding any language in this title to the contrary, a domestic
7 winery may use a common carrier to deliver up to one hundred cases of
8 its own production, in the aggregate, per month to licensed Washington
9 retailers. A domestic winery may not arrange for any such common
10 carrier shipments to licensed retailers of wine not of its own
11 production. Except as provided in this section, any winery operating
12 as a distributor and/or retailer under this subsection shall comply
13 with the applicable laws and rules relating to distributors and/or
14 retailers, except that a winery operating as a distributor may maintain
15 a warehouse off the premises of the winery for the distribution of wine
16 of its own production provided that: (a) The warehouse has been
17 approved by the ((~~board~~)) office under RCW 66.24.010; and (b) the
18 number of warehouses off the premises of the winery does not exceed
19 one.

20 (4) A domestic winery licensed under this section, at locations
21 separate from any of its production or manufacturing sites, may serve
22 samples of its own products, with or without charge, and sell wine of
23 its own production at retail, provided that: (a) Each additional
24 location has been approved by the ((~~board~~)) office under RCW 66.24.010;
25 (b) the total number of additional locations does not exceed two; (c)
26 a winery may not act as a distributor at any such additional location;
27 and (d) any person selling or serving wine at an additional location
28 for on-premise consumption must obtain a class 12 or class 13 alcohol
29 server permit. Each additional location is deemed to be part of the
30 winery license for the purpose of this title. At additional locations
31 operated by multiple wineries under this section, if the ((~~board~~))
32 office cannot connect a violation of RCW 66.44.200 or 66.44.270 to a
33 single licensee, the ((~~board~~)) office may hold all licensees operating
34 the additional location jointly liable. Nothing in this subsection
35 shall be construed to prevent a domestic winery from holding multiple
36 domestic winery licenses.

37 (5)(a) A domestic winery licensed under this section may apply to
38 the ((~~board~~)) office for an endorsement to sell wine of its own

1 production at retail for off-premises consumption at a qualifying
2 farmers market. The annual fee for this endorsement is seventy-five
3 dollars. An endorsement issued pursuant to this subsection does not
4 count toward the two additional retail locations limit specified in
5 this section.

6 (b) For each month during which a domestic winery will sell wine at
7 a qualifying farmers market, the winery must provide the ((~~board~~))
8 office or its designee a list of the dates, times, and locations at
9 which bottled wine may be offered for sale. This list must be received
10 by the ((~~board~~)) office before the winery may offer wine for sale at a
11 qualifying farmers market.

12 (c) The wine sold at qualifying farmers markets must be made
13 entirely from grapes grown in a recognized Washington appellation or
14 from other agricultural products grown in this state.

15 (d) Each approved location in a qualifying farmers market is deemed
16 to be part of the winery license for the purpose of this title. Except
17 as provided in section 1, chapter 62, Laws of 2011, the approved
18 locations under an endorsement granted under this subsection do not
19 include the tasting or sampling privilege of a winery. The winery may
20 not store wine at a farmers market beyond the hours that the winery
21 offers bottled wine for sale. The winery may not act as a distributor
22 from a farmers market location.

23 (e) Before a winery may sell bottled wine at a qualifying farmers
24 market, the farmers market must apply to the ((~~board~~)) office for
25 authorization for any winery with an endorsement approved under this
26 subsection to sell bottled wine at retail at the farmers market. This
27 application shall include, at a minimum: (i) A map of the farmers
28 market showing all booths, stalls, or other designated locations at
29 which an approved winery may sell bottled wine; and (ii) the name and
30 contact information for the on-site market managers who may be
31 contacted by the ((~~board~~)) office or its designee to verify the
32 locations at which bottled wine may be sold. Before authorizing a
33 qualifying farmers market to allow an approved winery to sell bottled
34 wine at retail at its farmers market location, the ((~~board~~)) office
35 shall notify the persons or entities of such application for
36 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
37 granted under this subsection (5)(e) may be withdrawn by the ((~~board~~))

1 office for any violation of this title or any rules adopted under this
2 title.

3 (f) The (~~board~~) office may adopt rules establishing the
4 application and approval process under this section and such additional
5 rules as may be necessary to implement this section.

6 (g) For the purposes of this subsection:

7 (i) "Qualifying farmers market" means an entity that sponsors a
8 regular assembly of vendors at a defined location for the purpose of
9 promoting the sale of agricultural products grown or produced in this
10 state directly to the consumer under conditions that meet the following
11 minimum requirements:

12 (A) There are at least five participating vendors who are farmers
13 selling their own agricultural products;

14 (B) The total combined gross annual sales of vendors who are
15 farmers exceeds the total combined gross annual sales of vendors who
16 are processors or resellers;

17 (C) The total combined gross annual sales of vendors who are
18 farmers, processors, or resellers exceeds the total combined gross
19 annual sales of vendors who are not farmers, processors, or resellers;

20 (D) The sale of imported items and secondhand items by any vendor
21 is prohibited; and

22 (E) No vendor is a franchisee.

23 (ii) "Farmer" means a natural person who sells, with or without
24 processing, agricultural products that he or she raises on land he or
25 she owns or leases in this state or in another state's county that
26 borders this state.

27 (iii) "Processor" means a natural person who sells processed food
28 that he or she has personally prepared on land he or she owns or leases
29 in this state or in another state's county that borders this state.

30 (iv) "Reseller" means a natural person who buys agricultural
31 products from a farmer and resells the products directly to the
32 consumer.

33 (6) Wine produced in Washington state by a domestic winery licensee
34 may be shipped out-of-state for the purpose of making it into sparkling
35 wine and then returned to such licensee for resale. Such wine shall be
36 deemed wine manufactured in the state of Washington for the purposes of
37 RCW 66.24.206, and shall not require a special license.

1 **Sec. 66.** RCW 66.24.170 and 2009 c 373 s 4 are each amended to read
2 as follows:

3 (1) There shall be a license for domestic wineries; fee to be
4 computed only on the liters manufactured: Less than two hundred fifty
5 thousand liters per year, one hundred dollars per year; and two hundred
6 fifty thousand liters or more per year, four hundred dollars per year.

7 (2) The license allows for the manufacture of wine in Washington
8 state from grapes or other agricultural products.

9 (3) Any domestic winery licensed under this section may also act as
10 a retailer of wine of its own production. Any domestic winery licensed
11 under this section may act as a distributor of its own production.
12 Notwithstanding any language in this title to the contrary, a domestic
13 winery may use a common carrier to deliver up to one hundred cases of
14 its own production, in the aggregate, per month to licensed Washington
15 retailers. A domestic winery may not arrange for any such common
16 carrier shipments to licensed retailers of wine not of its own
17 production. Except as provided in this section, any winery operating
18 as a distributor and/or retailer under this subsection shall comply
19 with the applicable laws and rules relating to distributors and/or
20 retailers, except that a winery operating as a distributor may maintain
21 a warehouse off the premises of the winery for the distribution of wine
22 of its own production provided that: (a) The warehouse has been
23 approved by the (~~board~~) office under RCW 66.24.010; and (b) the
24 number of warehouses off the premises of the winery does not exceed
25 one.

26 (4) A domestic winery licensed under this section, at locations
27 separate from any of its production or manufacturing sites, may serve
28 samples of its own products, with or without charge, and sell wine of
29 its own production at retail, provided that: (a) Each additional
30 location has been approved by the (~~board~~) office under RCW 66.24.010;
31 (b) the total number of additional locations does not exceed two; (c)
32 a winery may not act as a distributor at any such additional location;
33 and (d) any person selling or serving wine at an additional location
34 for on-premise consumption must obtain a class 12 or class 13 alcohol
35 server permit. Each additional location is deemed to be part of the
36 winery license for the purpose of this title. At additional locations
37 operated by multiple wineries under this section, if the (~~board~~)
38 office cannot connect a violation of RCW 66.44.200 or 66.44.270 to a

1 single licensee, the ((~~board~~)) office may hold all licensees operating
2 the additional location jointly liable. Nothing in this subsection
3 shall be construed to prevent a domestic winery from holding multiple
4 domestic winery licenses.

5 (5)(a) A domestic winery licensed under this section may apply to
6 the ((~~board~~)) office for an endorsement to sell wine of its own
7 production at retail for off-premises consumption at a qualifying
8 farmers market. The annual fee for this endorsement is seventy-five
9 dollars. An endorsement issued pursuant to this subsection does not
10 count toward the two additional retail locations limit specified in
11 this section.

12 (b) For each month during which a domestic winery will sell wine at
13 a qualifying farmers market, the winery must provide the ((~~board~~))
14 office or its designee a list of the dates, times, and locations at
15 which bottled wine may be offered for sale. This list must be received
16 by the ((~~board~~)) office before the winery may offer wine for sale at a
17 qualifying farmers market.

18 (c) The wine sold at qualifying farmers markets must be made
19 entirely from grapes grown in a recognized Washington appellation or
20 from other agricultural products grown in this state.

21 (d) Each approved location in a qualifying farmers market is deemed
22 to be part of the winery license for the purpose of this title. The
23 approved locations under an endorsement granted under this subsection
24 do not include the tasting or sampling privilege of a winery. The
25 winery may not store wine at a farmers market beyond the hours that the
26 winery offers bottled wine for sale. The winery may not act as a
27 distributor from a farmers market location.

28 (e) Before a winery may sell bottled wine at a qualifying farmers
29 market, the farmers market must apply to the ((~~board~~)) office for
30 authorization for any winery with an endorsement approved under this
31 subsection to sell bottled wine at retail at the farmers market. This
32 application shall include, at a minimum: (i) A map of the farmers
33 market showing all booths, stalls, or other designated locations at
34 which an approved winery may sell bottled wine; and (ii) the name and
35 contact information for the on-site market managers who may be
36 contacted by the ((~~board~~)) office or its designee to verify the
37 locations at which bottled wine may be sold. Before authorizing a
38 qualifying farmers market to allow an approved winery to sell bottled

1 wine at retail at its farmers market location, the ((board)) office
2 shall notify the persons or entities of such application for
3 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
4 granted under this subsection (5)(e) may be withdrawn by the ((board))
5 office for any violation of this title or any rules adopted under this
6 title.

7 (f) The ((board)) office may adopt rules establishing the
8 application and approval process under this section and such additional
9 rules as may be necessary to implement this section.

10 (g) For the purposes of this subsection:

11 (i) "Qualifying farmers market" means an entity that sponsors a
12 regular assembly of vendors at a defined location for the purpose of
13 promoting the sale of agricultural products grown or produced in this
14 state directly to the consumer under conditions that meet the following
15 minimum requirements:

16 (A) There are at least five participating vendors who are farmers
17 selling their own agricultural products;

18 (B) The total combined gross annual sales of vendors who are
19 farmers exceeds the total combined gross annual sales of vendors who
20 are processors or resellers;

21 (C) The total combined gross annual sales of vendors who are
22 farmers, processors, or resellers exceeds the total combined gross
23 annual sales of vendors who are not farmers, processors, or resellers;

24 (D) The sale of imported items and secondhand items by any vendor
25 is prohibited; and

26 (E) No vendor is a franchisee.

27 (ii) "Farmer" means a natural person who sells, with or without
28 processing, agricultural products that he or she raises on land he or
29 she owns or leases in this state or in another state's county that
30 borders this state.

31 (iii) "Processor" means a natural person who sells processed food
32 that he or she has personally prepared on land he or she owns or leases
33 in this state or in another state's county that borders this state.

34 (iv) "Reseller" means a natural person who buys agricultural
35 products from a farmer and resells the products directly to the
36 consumer.

37 (6) Wine produced in Washington state by a domestic winery licensee
38 may be shipped out-of-state for the purpose of making it into sparkling

1 wine and then returned to such licensee for resale. Such wine shall be
2 deemed wine manufactured in the state of Washington for the purposes of
3 RCW 66.24.206, and shall not require a special license.

4 **Sec. 67.** RCW 66.24.185 and 2008 c 41 s 4 are each amended to read
5 as follows:

6 (1) There shall be a license for bonded wine warehouses which shall
7 authorize the storage and handling of bottled wine. Under this license
8 a licensee may maintain a warehouse for the storage of wine off the
9 premises of a winery.

10 (2) The (~~board~~) office shall adopt similar qualifications for a
11 bonded wine warehouse license as required for obtaining a domestic
12 winery license as specified in RCW 66.24.010 and 66.24.170. A licensee
13 must be a sole proprietor, a partnership, a limited liability company,
14 or a corporation. One or more domestic wineries may operate as a
15 partnership, corporation, business co-op, or agricultural co-op for the
16 purposes of obtaining a bonded wine warehouse license.

17 (3) All bottled wine shipped to a bonded wine warehouse from a
18 winery or another bonded wine warehouse shall remain under bond and no
19 tax imposed under RCW 66.24.210 shall be due, unless the wine is
20 removed from bond and shipped to a licensed Washington wine
21 distributor. Wine may be removed from a bonded wine warehouse only for
22 the purpose of being (a) exported from the state, (b) shipped to a
23 licensed Washington wine distributor, (c) returned to a winery or
24 bonded wine warehouse, or (~~(d)~~) (d) shipped to a consumer pursuant
25 to RCW 66.20.360 through 66.20.390.

26 (4) Warehousing of wine by any person other than (a) a licensed
27 domestic winery or a bonded wine warehouse licensed under the
28 provisions of this section, (b) a licensed Washington wine distributor,
29 (c) a licensed Washington wine importer, (d) a wine certificate of
30 approval holder (W7), or (e) the (~~liquor control board~~) office, is
31 prohibited.

32 (5) A license applicant shall hold a federal permit for a bonded
33 wine cellar and may be required to post a continuing wine tax bond of
34 such an amount and in such a form as may be required by the (~~board~~)
35 office prior to the issuance of a bonded wine warehouse license. The
36 fee for this license shall be one hundred dollars per annum.

1 (6) The ((board)) office shall adopt rules requiring a bonded wine
2 warehouse to be physically secure, zoned for the intended use and
3 physically separated from any other use.

4 (7) Every licensee shall submit to the ((board)) office a monthly
5 report of movement of bottled wines to and from a bonded wine warehouse
6 in a form prescribed by the ((board)) office. The ((board)) office may
7 adopt other necessary procedures by which bonded wine warehouses are
8 licensed and regulated.

9 (8) Handling of bottled wine, as provided for in this section,
10 includes packaging and repackaging services; bottle labeling services;
11 creating baskets or variety packs that may or may not include nonwine
12 products; and picking, packing, and shipping wine orders direct to
13 consumer. A winery contracting with a bonded wine warehouse for
14 handling bottled wine must comply with all applicable state and federal
15 laws and shall be responsible for financial transactions in direct to
16 consumer shipping activities.

17 **Sec. 68.** RCW 66.24.203 and 2004 c 160 s 3 are each amended to read
18 as follows:

19 There shall be a license for wine importers that authorizes the
20 licensee to import wine purchased from certificate of approval holders
21 into the state of Washington. The licensee may also import, from
22 suppliers located outside of the United States, wine manufactured
23 outside the United States.

24 (1) Wine so imported may be sold to licensed wine distributors or
25 exported from the state.

26 (2) Every person, firm, or corporation licensed as a wine importer
27 shall establish and maintain a principal office within the state at
28 which shall be kept proper records of all wine imported into the state
29 under this license.

30 (3) No wine importer's license shall be granted to a nonresident of
31 the state nor to a corporation whose principal place of business is
32 outside the state until such applicant has established a principal
33 office and agent within the state upon which service can be made.

34 (4) As a requirement for license approval, a wine importer shall
35 enter into a written agreement with the ((board)) office to furnish on
36 or before the twentieth day of each month, a report under oath,

1 detailing the quantity of wine sold or delivered to each licensed wine
2 distributor. Failure to file such reports may result in the suspension
3 or cancellation of this license.

4 (5) Wine imported under this license must conform to the provisions
5 of RCW 66.28.110 and have received label approval from the ((board))
6 office. The ((board)) office shall not certify wines labeled with
7 names that may be confused with other nonalcoholic beverages whether
8 manufactured or produced from a domestic winery or imported nor wines
9 that fail to meet quality standards established by the ((board))
10 office.

11 (6) The license fee shall be one hundred sixty dollars per year.

12 **Sec. 69.** RCW 66.24.206 and 2007 c 16 s 1 are each amended to read
13 as follows:

14 (1)(a) A United States winery located outside the state of
15 Washington must hold a certificate of approval to allow sales and
16 shipment of the certificate of approval holder's wine to licensed
17 Washington wine distributors, importers, or retailers. A certificate
18 of approval holder with a direct shipment endorsement may act as a
19 distributor of its own production. Notwithstanding any language in
20 this title to the contrary, a certificate of approval holder with a
21 direct shipment endorsement may use a common carrier to deliver up to
22 one hundred cases of its own production, in the aggregate, per month to
23 licensed Washington retailers. A certificate of approval holder may
24 not arrange for any such common carrier shipments to licensed retailers
25 of wine not of its own production.

26 (b) Authorized representatives must hold a certificate of approval
27 to allow sales and shipment of United States produced wine to licensed
28 Washington wine distributors or importers.

29 (c) Authorized representatives must also hold a certificate of
30 approval to allow sales and shipments of foreign produced wine to
31 licensed Washington wine distributors or importers.

32 (2) The certificate of approval shall not be granted unless and
33 until such winery or authorized representative shall have made a
34 written agreement with the ((board)) office to furnish to the ((board))
35 office, on or before the twentieth day of each month, a report under
36 oath, on a form to be prescribed by the ((board)) office, showing the
37 quantity of wine sold or delivered to each licensed wine distributor,

1 importer, or retailer, during the preceding month, and shall further
2 have agreed with the ((~~board~~)) office, that such wineries,
3 manufacturers, or authorized representatives, and all general sales
4 corporations or agencies maintained by them, and all of their trade
5 representatives, shall and will faithfully comply with all laws of the
6 state of Washington pertaining to the sale of intoxicating liquors and
7 all rules and regulations of the ((~~Washington state liquor control~~
8 ~~board~~)) office. A violation of the terms of this agreement will cause
9 the ((~~board~~)) office to take action to suspend or revoke such
10 certificate.

11 (3) The fee for the certificate of approval and related
12 endorsements, issued pursuant to the provisions of this title, shall be
13 from time to time established by the ((~~board~~)) office at a level that
14 is sufficient to defray the costs of administering the certificate of
15 approval program. The fee shall be fixed by rule by the ((~~board~~))
16 office in accordance with the provisions of the administrative
17 procedure act, chapter 34.05 RCW.

18 (4) Certificate of approval holders are deemed to have consented to
19 the jurisdiction of Washington concerning enforcement of this chapter
20 and all laws and rules related to the sale and shipment of wine.

21 **Sec. 70.** RCW 66.24.210 and 2009 c 479 s 42 are each amended to
22 read as follows:

23 (1) There is hereby imposed upon all wines except cider sold to
24 wine distributors and the ((~~Washington state liquor control board~~))
25 office, within the state a tax at the rate of twenty and one-fourth
26 cents per liter. Any domestic winery or certificate of approval holder
27 acting as a distributor of its own production shall pay taxes imposed
28 by this section. There is hereby imposed on all cider sold to wine
29 distributors and the ((~~Washington state liquor control board~~)) office
30 within the state a tax at the rate of three and fifty-nine one-
31 hundredths cents per liter. However, wine sold or shipped in bulk from
32 one winery to another winery shall not be subject to such tax.

33 (a) The tax provided for in this section shall be collected by
34 direct payments based on wine purchased by wine distributors.

35 (b) Except as provided in subsection (7) of this section, every
36 person purchasing wine under the provisions of this section shall on or
37 before the twentieth day of each month report to the ((~~board~~)) office

1 all purchases during the preceding calendar month in such manner and
2 upon such forms as may be prescribed by the ((~~board~~)) office, and with
3 such report shall pay the tax due from the purchases covered by such
4 report unless the same has previously been paid. Any such purchaser of
5 wine whose applicable tax payment is not postmarked by the twentieth
6 day following the month of purchase will be assessed a penalty at the
7 rate of two percent a month or fraction thereof. The ((~~board~~)) office
8 may require that every such person shall execute to and file with the
9 ((~~board~~)) office a bond to be approved by the ((~~board~~)) office, in such
10 amount as the ((~~board~~)) office may fix, securing the payment of the
11 tax. If any such person fails to pay the tax when due, the ((~~board~~))
12 office may forthwith suspend or cancel the license until all taxes are
13 paid.

14 (c) Any licensed retailer authorized to purchase wine from a
15 certificate of approval holder with a direct shipment endorsement or a
16 domestic winery shall make monthly reports to the ((~~liquor-control~~
17 ~~board~~)) office on wine purchased during the preceding calendar month in
18 the manner and upon such forms as may be prescribed by the ((~~board~~))
19 office.

20 (2) An additional tax is imposed equal to the rate specified in RCW
21 82.02.030 multiplied by the tax payable under subsection (1) of this
22 section. All revenues collected during any month from this additional
23 tax shall be transferred to the state general fund by the twenty-fifth
24 day of the following month.

25 (3) An additional tax is imposed on wines subject to tax under
26 subsection (1) of this section, at the rate of one-fourth of one cent
27 per liter for wine sold after June 30, 1987. After June 30, 1996, such
28 additional tax does not apply to cider. An additional tax of five one-
29 hundredths of one cent per liter is imposed on cider sold after June
30 30, 1996. All revenues collected under this subsection (3) shall be
31 disbursed quarterly to the Washington wine commission for use in
32 carrying out the purposes of chapter 15.88 RCW.

33 (4) An additional tax is imposed on all wine subject to tax under
34 subsection (1) of this section. The additional tax is equal to twenty-
35 three and forty-four one-hundredths cents per liter on fortified wine
36 as defined in RCW 66.04.010 when bottled or packaged by the
37 manufacturer, one cent per liter on all other wine except cider, and
38 eighteen one-hundredths of one cent per liter on cider. All revenues

1 collected during any month from this additional tax shall be deposited
2 in the state general fund by the twenty-fifth day of the following
3 month.

4 (5)(a) An additional tax is imposed on all cider subject to tax
5 under subsection (1) of this section. The additional tax is equal to
6 two and four one-hundredths cents per liter of cider sold after June
7 30, 1996, and before July 1, 1997, and is equal to four and seven one-
8 hundredths cents per liter of cider sold after June 30, 1997.

9 (b) All revenues collected from the additional tax imposed under
10 this subsection (5) shall be deposited in the state general fund.

11 (6) For the purposes of this section, "cider" means table wine that
12 contains not less than one-half of one percent of alcohol by volume and
13 not more than seven percent of alcohol by volume and is made from the
14 normal alcoholic fermentation of the juice of sound, ripe apples or
15 pears. "Cider" includes, but is not limited to, flavored, sparkling,
16 or carbonated cider and cider made from condensed apple or pear must.

17 (7) For the purposes of this section, out-of-state wineries shall
18 pay taxes under this section on wine sold and shipped directly to
19 Washington state residents in a manner consistent with the requirements
20 of a wine distributor under subsections (1) through (4) of this
21 section, except wineries shall be responsible for the tax and not the
22 resident purchaser.

23 **Sec. 71.** RCW 66.24.215 and 1988 c 257 s 7 are each amended to read
24 as follows:

25 (1) To provide for permanent funding of the wine commission after
26 July 1, 1989, agricultural commodity assessments shall be levied by the
27 (~~board~~) office on wine producers and growers as follows:

28 (a) Beginning on July 1, 1989, the assessment on wine producers
29 shall be two cents per gallon on sales of packaged Washington wines.

30 (b) Beginning on July 1, 1989, the assessment on growers of
31 Washington vinifera wine grapes shall be levied as provided in RCW
32 15.88.130.

33 (c) After July 1, 1993, assessment rates under subsection (1)(a) of
34 this section may be changed pursuant to a referendum conducted by the
35 Washington wine commission and approved by a majority vote of wine
36 producers. The weight of each producer's vote shall be equal to the

1 percentage of that producer's share of Washington vinifera wine
2 production in the prior year.

3 (d) After July 1, 1993, assessment amounts under subsection (1)(b)
4 of this section may be changed pursuant to a referendum conducted by
5 the Washington wine commission and approved by a majority vote of grape
6 growers. The weight of each grower's vote shall be equal to the
7 percentage of that grower's share of Washington vinifera grape sales in
8 the prior year.

9 (2) Assessments collected under this section shall be disbursed
10 quarterly to the Washington wine commission for use in carrying out the
11 purposes of chapter 15.88 RCW.

12 (3) Prior to July 1, 1996, a referendum shall be conducted to
13 determine whether to continue the Washington wine commission as
14 representing both wine producers and grape growers. The voting shall
15 not be weighted. The wine producers shall vote whether to continue the
16 commission's coverage of wineries and wine production. The grape
17 producers shall vote whether to continue the commission's coverage of
18 issues pertaining to grape growing. If a majority of both wine and
19 grape producers favor the continuation of the commission, the
20 assessments shall continue as provided in subsection (2)(b) and (d) of
21 this section. If only one group of producers favors the continuation,
22 the assessments shall only be levied on the group which favored the
23 continuation.

24 **Sec. 72.** RCW 66.24.230 and 2004 c 160 s 5 are each amended to read
25 as follows:

26 Every domestic winery, wine certificate of approval holder, wine
27 importer, and wine distributor licensed under this title shall make
28 monthly reports to the ((board)) office pursuant to the regulations.
29 Such domestic winery, wine certificate of approval holder, wine
30 importer, and wine distributor shall make no sales of wine within the
31 state of Washington except to the ((board)) office, or as otherwise
32 provided in this title.

33 **Sec. 73.** RCW 66.24.240 and 2011 c 195 s 6 and 2011 c 119 s 212 are
34 each reenacted and amended to read as follows:

35 (1) There shall be a license for domestic breweries; fee to be two

1 thousand dollars for production of sixty thousand barrels or more of
2 malt liquor per year.

3 (2) Any domestic brewery, except for a brand owner of malt
4 beverages under RCW 66.04.010(~~(+7)~~) (6), licensed under this section
5 may also act as a distributor and/or retailer for beer of its own
6 production. Any domestic brewery operating as a distributor and/or
7 retailer under this subsection shall comply with the applicable laws
8 and rules relating to distributors and/or retailers. A domestic
9 brewery holding a spirits, beer, and wine restaurant license may sell
10 beer of its own production for off-premises consumption from its
11 restaurant premises in kegs or in a sanitary container brought to the
12 premises by the purchaser or furnished by the licensee and filled at
13 the tap by the licensee at the time of sale.

14 (3) Any domestic brewery licensed under this section may also sell
15 beer produced by another domestic brewery or a microbrewery for on and
16 off-premises consumption from its premises as long as the other
17 breweries' brands do not exceed twenty-five percent of the domestic
18 brewery's on-tap offering of its own brands.

19 (4) A domestic brewery may hold up to two retail licenses to
20 operate an on or off-premise tavern, beer and/or wine restaurant, or
21 spirits, beer, and wine restaurant. This retail license is separate
22 from the brewery license. A brewery that holds a tavern license, a
23 spirits, beer, and wine restaurant license, or a beer and/or wine
24 restaurant license shall hold the same privileges and endorsements as
25 permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

26 (5) Any domestic brewery licensed under this section may contract-
27 produce beer for a brand owner of malt beverages defined under RCW
28 66.04.010(~~(+7)~~) (6), and this contract-production is not a sale for
29 the purposes of RCW 66.28.170 and 66.28.180.

30 (6)(a) A domestic brewery licensed under this section and qualified
31 for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may
32 apply to the (~~board~~) office for an endorsement to sell bottled beer
33 of its own production at retail for off-premises consumption at a
34 qualifying farmers market. The annual fee for this endorsement is
35 seventy-five dollars.

36 (b) For each month during which a domestic brewery will sell beer
37 at a qualifying farmers market, the domestic brewery must provide the
38 (~~board~~) office or its designee a list of the dates, times, and

1 locations at which bottled beer may be offered for sale. This list
2 must be received by the ((~~board~~)) office before the domestic brewery
3 may offer beer for sale at a qualifying farmers market.

4 (c) The beer sold at qualifying farmers markets must be produced in
5 Washington.

6 (d) Each approved location in a qualifying farmers market is deemed
7 to be part of the domestic brewery license for the purpose of this
8 title. The approved locations under an endorsement granted under this
9 subsection do not include the tasting or sampling privilege of a
10 domestic brewery. The domestic brewery may not store beer at a farmers
11 market beyond the hours that the domestic brewery offers bottled beer
12 for sale. The domestic brewery may not act as a distributor from a
13 farmers market location.

14 (e) Before a domestic brewery may sell bottled beer at a qualifying
15 farmers market, the farmers market must apply to the ((~~board~~)) office
16 for authorization for any domestic brewery with an endorsement approved
17 under this subsection to sell bottled beer at retail at the farmers
18 market. This application shall include, at a minimum: (i) A map of
19 the farmers market showing all booths, stalls, or other designated
20 locations at which an approved domestic brewery may sell bottled beer;
21 and (ii) the name and contact information for the on-site market
22 managers who may be contacted by the ((~~board~~)) office or its designee
23 to verify the locations at which bottled beer may be sold. Before
24 authorizing a qualifying farmers market to allow an approved domestic
25 brewery to sell bottled beer at retail at its farmers market location,
26 the ((~~board~~)) office shall notify the persons or entities of such
27 application for authorization pursuant to RCW 66.24.010 (8) and (9).
28 An authorization granted under this subsection (6)(e) may be withdrawn
29 by the ((~~board~~)) office for any violation of this title or any rules
30 adopted under this title.

31 (f) The ((~~board~~)) office may adopt rules establishing the
32 application and approval process under this section and such additional
33 rules as may be necessary to implement this section.

34 (g) For the purposes of this subsection:

35 (i) "Qualifying farmers market" means an entity that sponsors a
36 regular assembly of vendors at a defined location for the purpose of
37 promoting the sale of agricultural products grown or produced in this

1 state directly to the consumer under conditions that meet the following
2 minimum requirements:

3 (A) There are at least five participating vendors who are farmers
4 selling their own agricultural products;

5 (B) The total combined gross annual sales of vendors who are
6 farmers exceeds the total combined gross annual sales of vendors who
7 are processors or resellers;

8 (C) The total combined gross annual sales of vendors who are
9 farmers, processors, or resellers exceeds the total combined gross
10 annual sales of vendors who are not farmers, processors, or resellers;

11 (D) The sale of imported items and secondhand items by any vendor
12 is prohibited; and

13 (E) No vendor is a franchisee.

14 (ii) "Farmer" means a natural person who sells, with or without
15 processing, agricultural products that he or she raises on land he or
16 she owns or leases in this state or in another state's county that
17 borders this state.

18 (iii) "Processor" means a natural person who sells processed food
19 that he or she has personally prepared on land he or she owns or leases
20 in this state or in another state's county that borders this state.

21 (iv) "Reseller" means a natural person who buys agricultural
22 products from a farmer and resells the products directly to the
23 consumer.

24 **Sec. 74.** RCW 66.24.244 and 2011 c 195 s 5 and 2011 c 62 s 3 are
25 each reenacted and amended to read as follows:

26 (1) There shall be a license for microbreweries; fee to be one
27 hundred dollars for production of less than sixty thousand barrels of
28 malt liquor, including strong beer, per year.

29 (2) Any microbrewery licensed under this section may also act as a
30 distributor and/or retailer for beer and strong beer of its own
31 production. Strong beer may not be sold at a farmers market or under
32 any endorsement which may authorize microbreweries to sell beer at
33 farmers markets. Any microbrewery operating as a distributor and/or
34 retailer under this subsection shall comply with the applicable laws
35 and rules relating to distributors and/or retailers, except that a
36 microbrewery operating as a distributor may maintain a warehouse off
37 the premises of the microbrewery for the distribution of beer provided

1 that (a) the warehouse has been approved by the ((board)) office under
2 RCW 66.24.010 and (b) the number of warehouses off the premises of the
3 microbrewery does not exceed one. A microbrewery holding a spirits,
4 beer, and wine restaurant license may sell beer of its own production
5 for off-premises consumption from its restaurant premises in kegs or in
6 a sanitary container brought to the premises by the purchaser or
7 furnished by the licensee and filled at the tap by the licensee at the
8 time of sale.

9 (3) Any microbrewery licensed under this section may also sell beer
10 produced by another microbrewery or a domestic brewery for on and off-
11 premises consumption from its premises as long as the other breweries'
12 brands do not exceed twenty-five percent of the microbrewery's on-tap
13 offering of its own brands.

14 (4) The ((board)) office may issue up to two retail licenses
15 allowing a microbrewery to operate an on or off-premise tavern, beer
16 and/or wine restaurant, or spirits, beer, and wine restaurant.

17 (5) A microbrewery that holds a tavern license, spirits, beer, and
18 wine restaurant license, or a beer and/or wine restaurant license shall
19 hold the same privileges and endorsements as permitted under RCW
20 66.24.320, 66.24.330, and 66.24.420.

21 (6)(a) A microbrewery licensed under this section may apply to the
22 ((board)) office for an endorsement to sell bottled beer of its own
23 production at retail for off-premises consumption at a qualifying
24 farmers market. The annual fee for this endorsement is seventy-five
25 dollars.

26 (b) For each month during which a microbrewery will sell beer at a
27 qualifying farmers market, the microbrewery must provide the ((board))
28 office or its designee a list of the dates, times, and locations at
29 which bottled beer may be offered for sale. This list must be received
30 by the ((board)) office before the microbrewery may offer beer for sale
31 at a qualifying farmers market.

32 (c) The beer sold at qualifying farmers markets must be produced in
33 Washington.

34 (d) Each approved location in a qualifying farmers market is deemed
35 to be part of the microbrewery license for the purpose of this title.
36 Except as provided in section 1, chapter 62, Laws of 2011, the approved
37 locations under an endorsement granted under this subsection (6) do not
38 constitute the tasting or sampling privilege of a microbrewery. The

1 microbrewery may not store beer at a farmers market beyond the hours
2 that the microbrewery offers bottled beer for sale. The microbrewery
3 may not act as a distributor from a farmers market location.

4 (e) Before a microbrewery may sell bottled beer at a qualifying
5 farmers market, the farmers market must apply to the ((~~board~~)) office
6 for authorization for any microbrewery with an endorsement approved
7 under this subsection (6) to sell bottled beer at retail at the farmers
8 market. This application shall include, at a minimum: (i) A map of
9 the farmers market showing all booths, stalls, or other designated
10 locations at which an approved microbrewery may sell bottled beer; and
11 (ii) the name and contact information for the on-site market managers
12 who may be contacted by the ((~~board~~)) office or its designee to verify
13 the locations at which bottled beer may be sold. Before authorizing a
14 qualifying farmers market to allow an approved microbrewery to sell
15 bottled beer at retail at its farmers market location, the ((~~board~~))
16 office shall notify the persons or entities of the application for
17 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
18 granted under this subsection (6)(e) may be withdrawn by the ((~~board~~))
19 office for any violation of this title or any rules adopted under this
20 title.

21 (f) The ((~~board~~)) office may adopt rules establishing the
22 application and approval process under this section and any additional
23 rules necessary to implement this section.

24 (g) For the purposes of this subsection (6):

25 (i) "Qualifying farmers market" means an entity that sponsors a
26 regular assembly of vendors at a defined location for the purpose of
27 promoting the sale of agricultural products grown or produced in this
28 state directly to the consumer under conditions that meet the following
29 minimum requirements:

30 (A) There are at least five participating vendors who are farmers
31 selling their own agricultural products;

32 (B) The total combined gross annual sales of vendors who are
33 farmers exceeds the total combined gross annual sales of vendors who
34 are processors or resellers;

35 (C) The total combined gross annual sales of vendors who are
36 farmers, processors, or resellers exceeds the total combined gross
37 annual sales of vendors who are not farmers, processors, or resellers;

1 (D) The sale of imported items and secondhand items by any vendor
2 is prohibited; and

3 (E) No vendor is a franchisee.

4 (ii) "Farmer" means a natural person who sells, with or without
5 processing, agricultural products that he or she raises on land he or
6 she owns or leases in this state or in another state's county that
7 borders this state.

8 (iii) "Processor" means a natural person who sells processed food
9 that he or she has personally prepared on land he or she owns or leases
10 in this state or in another state's county that borders this state.

11 (iv) "Reseller" means a natural person who buys agricultural
12 products from a farmer and resells the products directly to the
13 consumer.

14 (7) Any microbrewery licensed under this section may
15 contract-produce beer for another microbrewer. This contract-
16 production is not a sale for the purposes of RCW 66.28.170 and
17 66.28.180.

18 **Sec. 75.** RCW 66.24.244 and 2011 c 195 s 5 are each amended to read
19 as follows:

20 (1) There shall be a license for microbreweries; fee to be one
21 hundred dollars for production of less than sixty thousand barrels of
22 malt liquor, including strong beer, per year.

23 (2) Any microbrewery licensed under this section may also act as a
24 distributor and/or retailer for beer and strong beer of its own
25 production. Strong beer may not be sold at a farmers market or under
26 any endorsement which may authorize microbreweries to sell beer at
27 farmers markets. Any microbrewery operating as a distributor and/or
28 retailer under this subsection shall comply with the applicable laws
29 and rules relating to distributors and/or retailers, except that a
30 microbrewery operating as a distributor may maintain a warehouse off
31 the premises of the microbrewery for the distribution of beer provided
32 that (a) the warehouse has been approved by the (~~board~~) office under
33 RCW 66.24.010 and (b) the number of warehouses off the premises of the
34 microbrewery does not exceed one. A microbrewery holding a spirits,
35 beer, and wine restaurant license may sell beer of its own production
36 for off-premises consumption from its restaurant premises in kegs or in

1 a sanitary container brought to the premises by the purchaser or
2 furnished by the licensee and filled at the tap by the licensee at the
3 time of sale.

4 (3) Any microbrewery licensed under this section may also sell beer
5 produced by another microbrewery or a domestic brewery for on and off-
6 premises consumption from its premises as long as the other breweries'
7 brands do not exceed twenty-five percent of the microbrewery's on-tap
8 offering of its own brands.

9 (4) The ((~~board~~)) office may issue up to two retail licenses
10 allowing a microbrewery to operate an on or off-premise tavern, beer
11 and/or wine restaurant, or spirits, beer, and wine restaurant.

12 (5) A microbrewery that holds a tavern license, spirits, beer, and
13 wine restaurant license, or a beer and/or wine restaurant license shall
14 hold the same privileges and endorsements as permitted under RCW
15 66.24.320, 66.24.330, and 66.24.420.

16 (6)(a) A microbrewery licensed under this section may apply to the
17 ((~~board~~)) office for an endorsement to sell bottled beer of its own
18 production at retail for off-premises consumption at a qualifying
19 farmers market. The annual fee for this endorsement is seventy-five
20 dollars.

21 (b) For each month during which a microbrewery will sell beer at a
22 qualifying farmers market, the microbrewery must provide the ((~~board~~))
23 office or its designee a list of the dates, times, and locations at
24 which bottled beer may be offered for sale. This list must be received
25 by the ((~~board~~)) office before the microbrewery may offer beer for sale
26 at a qualifying farmers market.

27 (c) The beer sold at qualifying farmers markets must be produced in
28 Washington.

29 (d) Each approved location in a qualifying farmers market is deemed
30 to be part of the microbrewery license for the purpose of this title.
31 The approved locations under an endorsement granted under this
32 subsection (6) do not constitute the tasting or sampling privilege of
33 a microbrewery. The microbrewery may not store beer at a farmers
34 market beyond the hours that the microbrewery offers bottled beer for
35 sale. The microbrewery may not act as a distributor from a farmers
36 market location.

37 (e) Before a microbrewery may sell bottled beer at a qualifying
38 farmers market, the farmers market must apply to the ((~~board~~)) office

1 for authorization for any microbrewery with an endorsement approved
2 under this subsection (6) to sell bottled beer at retail at the farmers
3 market. This application shall include, at a minimum: (i) A map of
4 the farmers market showing all booths, stalls, or other designated
5 locations at which an approved microbrewery may sell bottled beer; and
6 (ii) the name and contact information for the on-site market managers
7 who may be contacted by the ((~~board~~)) office or its designee to verify
8 the locations at which bottled beer may be sold. Before authorizing a
9 qualifying farmers market to allow an approved microbrewery to sell
10 bottled beer at retail at its farmers market location, the ((~~board~~))
11 office shall notify the persons or entities of the application for
12 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
13 granted under this subsection (6)(e) may be withdrawn by the ((~~board~~))
14 office for any violation of this title or any rules adopted under this
15 title.

16 (f) The ((~~board~~)) office may adopt rules establishing the
17 application and approval process under this section and any additional
18 rules necessary to implement this section.

19 (g) For the purposes of this subsection (6):

20 (i) "Qualifying farmers market" means an entity that sponsors a
21 regular assembly of vendors at a defined location for the purpose of
22 promoting the sale of agricultural products grown or produced in this
23 state directly to the consumer under conditions that meet the following
24 minimum requirements:

25 (A) There are at least five participating vendors who are farmers
26 selling their own agricultural products;

27 (B) The total combined gross annual sales of vendors who are
28 farmers exceeds the total combined gross annual sales of vendors who
29 are processors or resellers;

30 (C) The total combined gross annual sales of vendors who are
31 farmers, processors, or resellers exceeds the total combined gross
32 annual sales of vendors who are not farmers, processors, or resellers;

33 (D) The sale of imported items and secondhand items by any vendor
34 is prohibited; and

35 (E) No vendor is a franchisee.

36 (ii) "Farmer" means a natural person who sells, with or without
37 processing, agricultural products that he or she raises on land he or

1 she owns or leases in this state or in another state's county that
2 borders this state.

3 (iii) "Processor" means a natural person who sells processed food
4 that he or she has personally prepared on land he or she owns or leases
5 in this state or in another state's county that borders this state.

6 (iv) "Reseller" means a natural person who buys agricultural
7 products from a farmer and resells the products directly to the
8 consumer.

9 (7) Any microbrewery licensed under this section may
10 contract-produce beer for another microbrewer. This contract-
11 production is not a sale for the purposes of RCW 66.28.170 and
12 66.28.180.

13 **Sec. 76.** RCW 66.24.261 and 2004 c 160 s 7 are each amended to read
14 as follows:

15 There shall be a license for beer importers that authorizes the
16 licensee to import beer and strong beer purchased from beer certificate
17 of approval holders into the state of Washington. The licensee may
18 also import, from suppliers located outside of the United States, beer
19 and strong beer manufactured outside the United States.

20 (1) Beer and strong beer so imported may be sold to licensed beer
21 distributors or exported from the state.

22 (2) Every person, firm, or corporation licensed as a beer importer
23 shall establish and maintain a principal office within the state at
24 which shall be kept proper records of all beer and strong beer imported
25 into the state under this license.

26 (3) No beer importer's license shall be granted to a nonresident of
27 the state nor to a corporation whose principal place of business is
28 outside the state until such applicant has established a principal
29 office and agent within the state upon which service can be made.

30 (4) As a requirement for license approval, a beer importer shall
31 enter into a written agreement with the (~~board~~) office to furnish on
32 or before the twentieth day of each month, a report under oath,
33 detailing the quantity of beer and strong beer sold or delivered to
34 each licensed beer distributor. Failure to file such reports may
35 result in the suspension or cancellation of this license.

36 (5) Beer and strong beer imported under this license must conform
37 to the provisions of RCW 66.28.120 and have received label approval

1 from the ((board)) office. The ((board)) office shall not certify beer
2 or strong beer labeled with names which may be confused with other
3 nonalcoholic beverages whether manufactured or produced from a domestic
4 brewery or imported nor shall it certify beer or strong beer which
5 fails to meet quality standards established by the ((board)) office.

6 (6) The license fee shall be one hundred sixty dollars per year.

7 **Sec. 77.** RCW 66.24.270 and 2006 c 302 s 6 are each amended to read
8 as follows:

9 (1) Every person, firm or corporation, holding a license to
10 manufacture malt liquors or strong beer within the state of Washington,
11 shall, on or before the twentieth day of each month, furnish to the
12 ((~~Washington state liquor control board~~)) office, on a form to be
13 prescribed by the ((board)) office, a statement showing the quantity of
14 malt liquors and strong beer sold for resale during the preceding
15 calendar month to each beer distributor within the state of Washington.

16 (2)(a) A United States brewery or manufacturer of beer or strong
17 beer, located outside the state of Washington, must hold a certificate
18 of approval to allow sales and shipment of the certificate of approval
19 holder's beer or strong beer to licensed Washington beer distributors,
20 importers, or retailers. A certificate of approval holder with a
21 direct shipment endorsement may act as a distributor for beer of its
22 own production.

23 (b) Authorized representatives must hold a certificate of approval
24 to allow sales and shipment of United States produced beer or strong
25 beer to licensed Washington beer distributors or importers.

26 (c) Authorized representatives must also hold a certificate of
27 approval to allow sales and shipments of foreign produced beer or
28 strong beer to licensed Washington beer distributors or importers.

29 (3) The certificate of approval shall not be granted unless and
30 until such brewer or manufacturer of beer or strong beer or authorized
31 representative shall have made a written agreement with the ((board))
32 office to furnish to the ((board)) office, on or before the twentieth
33 day of each month, a report under oath, on a form to be prescribed by
34 the ((board)) office, showing the quantity of beer and strong beer sold
35 or delivered to each licensed beer distributor, importer, or retailer
36 during the preceding month, and shall further have agreed with the
37 ((board)) office, that such brewer or manufacturer of beer or strong

1 beer or authorized representative and all general sales corporations or
2 agencies maintained by them, and all of their trade representatives,
3 corporations, and agencies, shall and will faithfully comply with all
4 laws of the state of Washington pertaining to the sale of intoxicating
5 liquors and all rules and regulations of the (~~Washington state liquor~~
6 ~~control board~~) office. A violation of the terms of this agreement
7 will cause the (~~board~~) office to take action to suspend or revoke
8 such certificate.

9 (4) The fee for the certificate of approval and related
10 endorsements, issued pursuant to the provisions of this title, shall be
11 from time to time established by the (~~board~~) office at a level that
12 is sufficient to defray the costs of administering the certificate of
13 approval program. The fee shall be fixed by rule by the (~~board~~)
14 office in accordance with the provisions of the administrative
15 procedure act, chapter 34.05 RCW.

16 (5) Certificate of approval holders are deemed to have consented to
17 the jurisdiction of Washington concerning enforcement of this chapter
18 and all laws and rules related to the sale and shipment of beer.

19 **Sec. 78.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each
20 amended to read as follows:

21 (1) Any microbrewer or domestic brewery or beer distributor
22 licensed under this title may sell and deliver beer and strong beer to
23 holders of authorized licenses direct, but to no other person, other
24 than the (~~board~~) office. Any certificate of approval holder
25 authorized to act as a distributor under RCW 66.24.270 shall pay the
26 taxes imposed by this section.

27 (a) Every such brewery or beer distributor shall report all sales
28 to the (~~board~~) office monthly, pursuant to the regulations, and shall
29 pay to the (~~board~~) office as an added tax for the privilege of
30 manufacturing and selling the beer and strong beer within the state a
31 tax of one dollar and thirty cents per barrel of thirty-one gallons on
32 sales to licensees within the state and on sales to licensees within
33 the state of bottled and canned beer, including strong beer, shall pay
34 a tax computed in gallons at the rate of one dollar and thirty cents
35 per barrel of thirty-one gallons.

36 (b) Any brewery or beer distributor whose applicable tax payment is
37 not postmarked by the twentieth day following the month of sale will be

1 assessed a penalty at the rate of two percent per month or fraction
2 thereof. Beer and strong beer shall be sold by breweries and
3 distributors in sealed barrels or packages.

4 (c) The moneys collected under this subsection shall be distributed
5 as follows: (i) Three-tenths of a percent shall be distributed to
6 border areas under RCW 66.08.195; and (ii) of the remaining moneys:
7 (A) Twenty percent shall be distributed to counties in the same manner
8 as under RCW 66.08.200; and (B) eighty percent shall be distributed to
9 incorporated cities and towns in the same manner as under RCW
10 66.08.210.

11 (d) Any licensed retailer authorized to purchase beer from a
12 certificate of approval holder with a direct shipment endorsement or a
13 brewery or microbrewery shall make monthly reports to the (~~liquor~~
14 ~~control board~~) office on beer purchased during the preceding calendar
15 month in the manner and upon such forms as may be prescribed by the
16 (~~board~~) office.

17 (2) An additional tax is imposed on all beer and strong beer
18 subject to tax under subsection (1) of this section. The additional
19 tax is equal to two dollars per barrel of thirty-one gallons. All
20 revenues collected during any month from this additional tax shall be
21 deposited in the state general fund by the twenty-fifth day of the
22 following month.

23 (3)(a) An additional tax is imposed on all beer and strong beer
24 subject to tax under subsection (1) of this section. The additional
25 tax is equal to ninety-six cents per barrel of thirty-one gallons
26 through June 30, 1995, two dollars and thirty-nine cents per barrel of
27 thirty-one gallons for the period July 1, 1995, through June 30, 1997,
28 and four dollars and seventy-eight cents per barrel of thirty-one
29 gallons thereafter.

30 (b) The additional tax imposed under this subsection does not apply
31 to the sale of the first sixty thousand barrels of beer each year by
32 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
33 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
34 be provided by the board by rule consistent with the purposes of this
35 exemption.

36 (c) All revenues collected from the additional tax imposed under
37 this subsection (3) shall be deposited in the state general fund.

1 (4) An additional tax is imposed on all beer and strong beer that
2 is subject to tax under subsection (1) of this section that is in the
3 first sixty thousand barrels of beer and strong beer by breweries that
4 are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as
5 existing on July 1, 1993, or such subsequent date as may be provided by
6 the ((board)) office by rule consistent with the purposes of the
7 exemption under subsection (3)(b) of this section. The additional tax
8 is equal to one dollar and forty-eight and two-tenths cents per barrel
9 of thirty-one gallons. By the twenty-fifth day of the following month,
10 three percent of the revenues collected from this additional tax shall
11 be distributed to border areas under RCW 66.08.195 and the remaining
12 moneys shall be transferred to the state general fund.

13 (5)(a) From June 1, 2010, through June 30, 2013, an additional tax
14 is imposed on all beer and strong beer subject to tax under subsection
15 (1) of this section. The additional tax is equal to fifteen dollars
16 and fifty cents per barrel of thirty-one gallons.

17 (b) The additional tax imposed under this subsection does not apply
18 to the sale of the first sixty thousand barrels of beer each year by
19 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
20 Sec. 5051 of the federal internal revenue code, as existing on July 1,
21 1993, or such subsequent date as may be provided by the ((board))
22 office by rule consistent with the purposes of this exemption.

23 (c) All revenues collected from the additional tax imposed under
24 this subsection shall be deposited in the state general fund.

25 (6) The ((board)) office may make refunds for all taxes paid on
26 beer and strong beer exported from the state for use outside the state.

27 (7) The ((board)) office may require filing with the ((board))
28 office of a bond to be approved by it, in such amount as the ((board))
29 office may fix, securing the payment of the tax. If any licensee fails
30 to pay the tax when due, the ((board)) office may forthwith suspend or
31 cancel his or her license until all taxes are paid.

32 **Sec. 79.** RCW 66.24.305 and 1975 1st ex.s. c 173 s 11 are each
33 amended to read as follows:

34 The ((board)) office may refund the tax on wine imposed by RCW
35 66.24.210, and the tax on beer imposed by RCW 66.24.290, when such
36 taxpaid products have been deemed to be unsalable and are destroyed

1 within the state in accordance with procedures established by the
2 ((board)) office.

3 **Sec. 80.** RCW 66.24.310 and 2012 c 2 (Initiative Measure No. 1183)
4 s 111 are each amended to read as follows:

5 (1)(a) Except as provided in (b) of this subsection, no person may
6 canvass for, solicit, receive, or take orders for the purchase or sale
7 of liquor, nor contact any licensees of the ((board)) office in
8 goodwill activities, unless the person is the representative of a
9 licensee or certificate holder authorized by this title to sell liquor
10 for resale in the state and has applied for and received a
11 representative's license.

12 (b) (a) of this subsection does not apply to: (i) Drivers who
13 deliver spirits, beer, or wine; or (ii) domestic wineries or their
14 employees.

15 (2) Every representative's license issued under this title is
16 subject to all conditions and restrictions imposed by this title or by
17 the rules and regulations of the ((board)) office; the ((board))
18 office, for the purpose of maintaining an orderly market, may limit the
19 number of representative's licenses issued for representation of
20 specific classes of eligible employers.

21 (3) Every application for a representative's license must be
22 approved by a holder of a certificate of approval, a licensed beer
23 distributor, a licensed domestic brewer, a licensed beer importer, a
24 licensed microbrewer, a licensed domestic winery, a licensed wine
25 importer, a licensed wine distributor, or by a distiller, manufacturer,
26 importer, or distributor of spirits, or of foreign-produced beer or
27 wine, as required by the rules and regulations of the ((board)) office.

28 (4) The fee for a representative's license is twenty-five dollars
29 per year.

30 **Sec. 81.** RCW 66.24.320 and 2007 c 370 s 9 are each amended to read
31 as follows:

32 There shall be a beer and/or wine restaurant license to sell beer,
33 including strong beer, or wine, or both, at retail, for consumption on
34 the premises. A patron of the licensee may remove from the premises,
35 recorked or recapped in its original container, any portion of wine
36 that was purchased for consumption with a meal.

1 (1) The annual fee shall be two hundred dollars for the beer
2 license, two hundred dollars for the wine license, or four hundred
3 dollars for a combination beer and wine license.

4 (2)(a) The ((board)) office may issue a caterer's endorsement to
5 this license to allow the licensee to remove from the liquor stocks at
6 the licensed premises, only those types of liquor that are authorized
7 under the on-premises license privileges for sale and service at event
8 locations at a specified date and, except as provided in subsection (3)
9 of this section, place not currently licensed by the ((board)) office.
10 If the event is open to the public, it must be sponsored by a society
11 or organization as defined by RCW 66.24.375. If attendance at the
12 event is limited to members or invited guests of the sponsoring
13 individual, society, or organization, the requirement that the sponsor
14 must be a society or organization as defined by RCW 66.24.375 is
15 waived. Cost of the endorsement is three hundred fifty dollars.

16 (b) The holder of this license with ((~~ta~~)) a catering endorsement
17 shall, if requested by the ((board)) office, notify the ((board))
18 office or its designee of the date, time, place, and location of any
19 catered event. Upon request, the licensee shall provide to the
20 ((board)) office all necessary or requested information concerning the
21 society or organization that will be holding the function at which the
22 endorsed license will be utilized.

23 (c) The holder of this license with a caterer's endorsement may,
24 under conditions established by the ((board)) office, store liquor on
25 the premises of another not licensed by the ((board)) office so long as
26 there is a written agreement between the licensee and the other party
27 to provide for ongoing catering services, the agreement contains no
28 exclusivity clauses regarding the alcoholic beverages to be served, and
29 the agreement is filed with the ((board)) office.

30 (d) The holder of this license with a caterer's endorsement may,
31 under conditions established by the ((board)) office, store liquor on
32 other premises operated by the licensee so long as the other premises
33 are owned or controlled by a leasehold interest by that licensee. A
34 duplicate license may be issued for each additional premises. A
35 license fee of twenty dollars shall be required for such duplicate
36 licenses.

37 (3) Licensees under this section that hold a caterer's endorsement
38 are allowed to use this endorsement on a domestic winery premises or on

1 the premises of a passenger vessel and may store liquor at such
2 premises under conditions established by the ((board)) office under the
3 following conditions:

4 (a) Agreements between the domestic winery or the passenger vessel,
5 as the case may be, and the retail licensee shall be in writing,
6 contain no exclusivity clauses regarding the alcoholic beverages to be
7 served, and be filed with the ((board)) office; and

8 (b) The domestic winery or passenger vessel, as the case may be,
9 and the retail licensee shall be separately contracted and compensated
10 by the persons sponsoring the event for their respective services.

11 (4) The holder of this license or its manager may furnish beer or
12 wine to the licensee's employees free of charge as may be required for
13 use in connection with instruction on beer and wine. The instruction
14 may include the history, nature, values, and characteristics of beer or
15 wine, the use of wine lists, and the methods of presenting, serving,
16 storing, and handling beer or wine. The beer and/or wine licensee must
17 use the beer or wine it obtains under its license for the sampling as
18 part of the instruction. The instruction must be given on the premises
19 of the beer and/or wine licensee.

20 (5) If the license is issued to a person who contracts with the
21 Washington state ferry system to provide food and alcohol service on a
22 designated ferry route, the license shall cover any vessel assigned to
23 the designated route. A separate license is required for each
24 designated ferry route.

25 **Sec. 82.** RCW 66.24.354 and 1997 c 321 s 21 are each amended to
26 read as follows:

27 There shall be a beer and wine retailer's license that may be
28 combined only with the on-premises licenses described in either RCW
29 66.24.320 or 66.24.330. The combined license permits the sale of beer
30 and wine for consumption off the premises.

31 (1) Beer and wine sold for consumption off the premises must be in
32 original sealed packages of the manufacturer or bottler.

33 (2) Beer may be sold to a purchaser in a sanitary container brought
34 to the premises by the purchaser and filled at the tap by the retailer
35 at the time of sale.

36 (3) Licensees holding this type of license also may sell malt

1 liquor in kegs or other containers that are capable of holding four
2 gallons or more of liquid and are registered in accordance with RCW
3 66.28.200.

4 (4) The ((~~board~~)) office may impose conditions upon the issuance of
5 this license to best protect and preserve the health, safety, and
6 welfare of the public.

7 (5) The annual fee for this license shall be one hundred twenty
8 dollars.

9 **Sec. 83.** RCW 66.24.360 and 2012 c 2 (Initiative Measure No. 1183)
10 s 104 are each amended to read as follows:

11 (1) There is a grocery store license to sell wine and/or beer,
12 including without limitation strong beer at retail in original
13 containers, not to be consumed upon the premises where sold.

14 (2) There is a wine retailer reseller endorsement of a grocery
15 store license, to sell wine at retail in original containers to
16 retailers licensed to sell wine for consumption on the premises, for
17 resale at their licensed premises according to the terms of the
18 license. However, no single sale may exceed twenty-four liters, unless
19 the sale is made by a licensee that was a contract liquor store manager
20 of a contract-operated liquor store at the location from which such
21 sales are made. For the purposes of this title, a grocery store
22 license is a retail license, and a sale by a grocery store licensee
23 with a reseller endorsement is a retail sale only if not for resale.

24 (3) Licensees obtaining a written endorsement from the ((~~board~~))
25 office may also sell malt liquor in kegs or other containers capable of
26 holding less than five and one-half gallons of liquid.

27 (4) The annual fee for the grocery store license is one hundred
28 fifty dollars for each store.

29 (5) The annual fee for the wine retailer reseller endorsement is
30 one hundred sixty-six dollars for each store.

31 (6) The ((~~board~~)) office must issue a restricted grocery store
32 license authorizing the licensee to sell beer and only table wine, if
33 the ((~~board~~)) office finds upon issuance or renewal of the license that
34 the sale of strong beer or fortified wine would be against the public
35 interest. In determining the public interest, the ((~~board~~)) office
36 must consider at least the following factors:

1 (a) The likelihood that the applicant will sell strong beer or
2 fortified wine to persons who are intoxicated;

3 (b) Law enforcement problems in the vicinity of the applicant's
4 establishment that may arise from persons purchasing strong beer or
5 fortified wine at the establishment; and

6 (c) Whether the sale of strong beer or fortified wine would be
7 detrimental to or inconsistent with a government-operated or funded
8 alcohol treatment or detoxification program in the area.

9 If the ((board)) office receives no evidence or objection that the
10 sale of strong beer or fortified wine would be against the public
11 interest, it must issue or renew the license without restriction, as
12 applicable. The burden of establishing that the sale of strong beer or
13 fortified wine by the licensee would be against the public interest is
14 on those persons objecting.

15 (7) Licensees holding a grocery store license must maintain a
16 minimum three thousand dollar inventory of food products for human
17 consumption, not including pop, beer, strong beer, or wine.

18 (8) A grocery store licensee with a wine retailer reseller
19 endorsement may accept delivery of wine at its licensed premises or at
20 one or more warehouse facilities registered with the ((board)) office,
21 which facilities may also warehouse and distribute nonliquor items, and
22 from which it may deliver to its own licensed premises and, pursuant to
23 sales permitted by this title, to other licensed premises, to other
24 registered facilities, or to lawful purchasers outside the state.
25 Facilities may be registered and utilized by associations,
26 cooperatives, or comparable groups of grocery store licensees.

27 (9) Upon approval by the ((board)) office, the grocery store
28 licensee may also receive an endorsement to permit the international
29 export of beer, strong beer, and wine.

30 (a) Any beer, strong beer, or wine sold under this endorsement must
31 have been purchased from a licensed beer or wine distributor licensed
32 to do business within the state of Washington.

33 (b) Any beer, strong beer, and wine sold under this endorsement
34 must be intended for consumption outside the state of Washington and
35 the United States and appropriate records must be maintained by the
36 licensee.

37 (c) Any beer, strong beer, or wine sold under this endorsement must

1 be sold at a price no less than the acquisition price paid by the
2 holder of the license.

3 (d) The annual cost of this endorsement is five hundred dollars and
4 is in addition to the license fees paid by the licensee for a grocery
5 store license.

6 (10) A grocery store licensee holding a snack bar license under RCW
7 66.24.350 may receive an endorsement to allow the sale of confections
8 containing more than one percent but not more than ten percent alcohol
9 by weight to persons twenty-one years of age or older.

10 **Sec. 84.** RCW 66.24.--- and 2012 c 2 (Initiative Measure No. 1183)
11 s 105 are each amended to read as follows:

12 (1) There is a license for spirits distributors to (a) sell spirits
13 purchased from manufacturers, distillers, or suppliers including,
14 without limitation, licensed Washington distilleries, licensed spirits
15 importers, other Washington spirits distributors, or suppliers of
16 foreign spirits located outside of the United States, to spirits
17 retailers including, without limitation, spirits retail licensees,
18 special occasion license holders, interstate common carrier license
19 holders, restaurant spirits retailer license holders, spirits, beer,
20 and wine private club license holders, hotel license holders, sports
21 entertainment facility license holders, and spirits, beer, and wine
22 nightclub license holders, and to other spirits distributors; and (b)
23 export the same from the state.

24 (2) By January 1, 2012, the ((board)) office must issue spirits
25 distributor licenses to all applicants who, upon December 8, 2011, have
26 the right to purchase spirits from a spirits manufacturer, spirits
27 distiller, or other spirits supplier for resale in the state, or are
28 agents of such supplier authorized to sell to licensees in the state,
29 unless the ((board)) office determines that issuance of a license to
30 such applicant is not in the public interest.

31 (3)(a) As limited by (b) of this subsection and subject to (c) of
32 this subsection, each spirits distributor licensee must pay to the
33 ((board)) office for deposit into the liquor revolving fund, a license
34 issuance fee calculated as follows:

35 (i) In each of the first two years of licensure, ten percent of the
36 total revenue from all the licensee's sales of spirits made during the
37 year for which the fee is due, respectively; and

1 (ii) In the third year of licensure and each year thereafter, five
2 percent of the total revenue from all the licensee's sales of spirits
3 made during the year for which the fee is due, respectively.

4 (b) The fee required under this subsection (3) is calculated only
5 on sales of items which the licensee was the first spirits distributor
6 in the state to have received:

7 (i) In the case of spirits manufactured in the state, from the
8 distiller; or

9 (ii) In the case of spirits manufactured outside the state, from an
10 authorized out-of-state supplier.

11 (c) By March 31, 2013, all persons holding spirits distributor
12 licenses on or before March 31, 2013, must have paid collectively one
13 hundred fifty million dollars or more in spirits distributor license
14 fees. If the collective payment through March 31, 2013, totals less
15 than one hundred fifty million dollars, the ((~~board~~)) office must,
16 according to rules adopted by the ((~~board~~)) office for the purpose,
17 collect by May 31, 2013, as additional spirits distributor license fees
18 the difference between one hundred fifty million dollars and the actual
19 receipts, allocated among persons holding spirits distributor licenses
20 at any time on or before March 31, 2013, ratably according to their
21 spirits sales made during calendar year 2012. Any amount by which such
22 payments exceed one hundred fifty million dollars by March 31, 2013,
23 must be credited to future license issuance fee obligations of spirits
24 distributor licensees according to rules adopted by the ((~~board~~))
25 office.

26 (d) A retail licensee selling for resale must pay a distributor
27 license fee under the terms and conditions in this section on resales
28 of spirits the licensee has purchased on which no other distributor
29 license fee has been paid. The ((~~board~~)) office must establish rules
30 setting forth the frequency and timing of such payments and reporting
31 of sales dollar volume by the licensee, with payments due quarterly in
32 arrears.

33 (e) No spirits inventory may be subject to calculation of more than
34 a single spirits distributor license issuance fee.

35 (4) In addition to the payment set forth in subsection (3) of this
36 section, each spirits distributor licensee renewing its annual license
37 must pay an annual license renewal fee of one thousand three hundred
38 twenty dollars for each licensed location.

1 (5) There is no minimum facility size or capacity for spirits
2 distributor licenses, and no limit on the number of such licenses
3 issued to qualified applicants. License applicants must provide
4 physical security of the product that is substantially as effective as
5 the physical security of the distribution facilities currently operated
6 by the ((board)) office with respect to preventing pilferage. License
7 issuances and renewals are subject to RCW 66.24.010 and the regulations
8 promulgated thereunder, including without limitation rights of cities,
9 towns, county legislative authorities, the public, churches, schools,
10 and public institutions to object to or prevent issuance of local
11 liquor licenses. However, existing distributor premises licensed to
12 sell beer and/or wine are deemed to be premises "now licensed" under
13 RCW 66.24.010(9)(a) for the purpose of processing applications for
14 spirits distributor licenses.

15 **Sec. 85.** RCW 66.24.363 and 2010 c 141 s 1 are each amended to read
16 as follows:

17 (1) A grocery store licensed under RCW 66.24.360 may apply for an
18 endorsement to offer beer and wine tasting under this section.

19 (2) To be issued an endorsement, a licensee must meet the following
20 criteria:

21 (a) The licensee has retail sales of grocery products for off-
22 premises consumption that are more than fifty percent of the licensee's
23 gross sales or the licensee is a membership organization that requires
24 members to be at least eighteen years of age;

25 (b) The licensee operates a fully enclosed retail area encompassing
26 at least nine thousand square feet, except that the ((board)) office
27 may issue an endorsement to a licensee with a retail area encompassing
28 less than nine thousand square feet if the ((board)) office determines
29 that no licensee in the community the licensee serves meets the square
30 footage requirement and the licensee meets operational requirements
31 established by the ((board)) office by rule; and

32 (c) The licensee has not had more than one public safety violation
33 within the past two years.

34 (3) A tasting must be conducted under the following conditions:

35 (a) Each sample must be two ounces or less, up to a total of four
36 ounces, per customer during any one visit to the premises;

1 (b) No more than one sample of the same product offering of beer or
2 wine may be provided to a customer during any one visit to the
3 premises;

4 (c) The licensee must have food available for the tasting
5 participants;

6 (d) Customers must remain in the service area while consuming
7 samples; and

8 (e) The service area and facilities must be located within the
9 licensee's fully enclosed retail area and must be of a size and design
10 such that the licensee can observe and control persons in the area to
11 ensure that persons under twenty-one years of age and apparently
12 intoxicated persons cannot possess or consume alcohol.

13 (4) Employees of licensees whose duties include serving during
14 tasting activities under this section must hold a class 12 alcohol
15 server permit.

16 (5) Tasting activities under this section are subject to RCW
17 66.28.305 and 66.28.040 and the cost of sampling may not be borne,
18 directly or indirectly, by any liquor manufacturer, importer, or
19 distributor.

20 (6) A licensee may advertise a tasting event only within the store,
21 on a store web site, in store newsletters and flyers, and via e-mail
22 and mail to customers who have requested notice of events. Advertising
23 under this subsection may not be targeted to or appeal principally to
24 youth.

25 (7)(a) If a licensee is found to have committed a public safety
26 violation in conjunction with tasting activities, the ((board)) office
27 may suspend the licensee's tasting endorsement and not reissue the
28 endorsement for up to two years from the date of the violation. If
29 mitigating circumstances exist, the ((board)) office may offer a
30 monetary penalty in lieu of suspension during a settlement conference.

31 (b) The ((board)) office may revoke an endorsement granted to a
32 licensee that is located within the boundaries of an alcohol impact
33 area recognized by resolution of the ((board)) office if the ((board))
34 office finds that the tasting activities by the licensee are having an
35 adverse effect on the reduction of chronic public inebriation in the
36 area.

37 (c) RCW 66.08.150 applies to the suspension or revocation of an
38 endorsement.

1 (8) The ((board)) office may establish additional requirements
2 under this section to assure that persons under twenty-one years of age
3 and apparently intoxicated persons cannot possess or consume alcohol.

4 (9) The annual fee for the endorsement is two hundred dollars. The
5 ((board)) office shall review the fee annually and may increase the fee
6 by rule to a level sufficient to defray the cost of administration and
7 enforcement of the endorsement, except that the ((board)) office may
8 not increase the fee by more than ten percent annually.

9 (10) The ((board)) office must adopt rules to implement this
10 section.

11 **Sec. 86.** RCW 66.24.371 and 2011 c 195 s 4 and 2011 c 119 s 204 are
12 each reenacted and amended to read as follows:

13 (1) There shall be a beer and/or wine retailer's license to be
14 designated as a beer and/or wine specialty shop license to sell beer,
15 strong beer, and/or wine at retail in bottles, cans, and original
16 containers, not to be consumed upon the premises where sold, at any
17 store other than the state liquor stores. Licensees obtaining a
18 written endorsement from the ((board)) office may also sell malt liquor
19 in kegs or other containers capable of holding four gallons or more of
20 liquid. The annual fee for the beer and/or wine specialty shop license
21 is one hundred dollars for each store. The sale of any container
22 holding four gallons or more must comply with RCW 66.28.200 and
23 66.28.220.

24 (2) Licensees under this section may provide, free or for a charge,
25 single-serving samples of two ounces or less to customers for the
26 purpose of sales promotion. Sampling activities of licensees under
27 this section are subject to RCW 66.28.305 and 66.28.040 and the cost of
28 sampling under this section may not be borne, directly or indirectly,
29 by any manufacturer, importer, or distributor of liquor.

30 (3) Upon approval by the ((board)) office, the beer and/or wine
31 specialty shop licensee that exceeds fifty percent beer and/or wine
32 sales may also receive an endorsement to permit the sale of beer to a
33 purchaser in a sanitary container brought to the premises by the
34 purchaser, or provided by the licensee or manufacturer, and fill at the
35 tap by the licensee at the time of sale. If the beer and/or wine
36 specialty shop licensee does not exceed fifty percent beer and/or wine

1 sales, the ((~~board~~)) office may waive the fifty percent beer and/or
2 wine sale criteria if the beer and/or wine specialty shop maintains
3 alcohol inventory that exceeds fifteen thousand dollars.

4 (4) The ((~~board~~)) office shall issue a restricted beer and/or wine
5 specialty shop license, authorizing the licensee to sell beer and only
6 table wine, if the ((~~board~~)) office finds upon issuance or renewal of
7 the license that the sale of strong beer or fortified wine would be
8 against the public interest. In determining the public interest, the
9 ((~~board~~)) office shall consider at least the following factors:

10 (a) The likelihood that the applicant will sell strong beer or
11 fortified wine to persons who are intoxicated;

12 (b) Law enforcement problems in the vicinity of the applicant's
13 establishment that may arise from persons purchasing strong beer or
14 fortified wine at the establishment; and

15 (c) Whether the sale of strong beer or fortified wine would be
16 detrimental to or inconsistent with a government-operated or funded
17 alcohol treatment or detoxification program in the area.

18 If the ((~~board~~)) office receives no evidence or objection that the
19 sale of strong beer or fortified wine would be against the public
20 interest, it shall issue or renew the license without restriction, as
21 applicable. The burden of establishing that the sale of strong beer or
22 fortified wine by the licensee would be against the public interest is
23 on those persons objecting.

24 (5) Licensees holding a beer and/or wine specialty shop license
25 must maintain a minimum three thousand dollar wholesale inventory of
26 beer, strong beer, and/or wine.

27 (6) The ((~~board~~)) office may adopt rules to implement this section.

28 **Sec. 87.** RCW 66.24.380 and 2012 c 2 (Initiative Measure No. 1183)
29 s 112 are each amended to read as follows:

30 There is a retailer's license to be designated as a special
31 occasion license to be issued to a not-for-profit society or
32 organization to sell spirits, beer, and wine by the individual serving
33 for on-premises consumption at a specified event, such as at picnics or
34 other special occasions, at a specified date and place; fee sixty
35 dollars per day.

36 (1) The not-for-profit society or organization is limited to sales
37 of no more than twelve calendar days per year. For the purposes of

1 this subsection, special occasion licensees that are "agricultural area
2 fairs" or "agricultural county, district, and area fairs," as defined
3 by RCW 15.76.120, that receive a special occasion license may, once per
4 calendar year, count as one event fairs that last multiple days, so
5 long as alcohol sales are at set dates, times, and locations, and the
6 ((board)) office receives prior notification of the dates, times, and
7 locations. The special occasion license applicant will pay the sixty
8 dollars per day for this event.

9 (2) The licensee may sell spirits, beer, and/or wine in original,
10 unopened containers for off-premises consumption if permission is
11 obtained from the ((board)) office prior to the event.

12 (3) Sale, service, and consumption of spirits, beer, and wine is to
13 be confined to specified premises or designated areas only.

14 (4) Liquor sold under this special occasion license must be
15 purchased from a licensee of the ((board)) office.

16 (5) Any violation of this section is a class 1 civil infraction
17 having a maximum penalty of two hundred fifty dollars as provided for
18 in chapter 7.80 RCW.

19 **Sec. 88.** RCW 66.24.395 and 1997 c 321 s 25 are each amended to
20 read as follows:

21 (1)(a) There shall be a license that may be issued to corporations,
22 associations, or persons operating as federally licensed commercial
23 common passenger carriers engaged in interstate commerce, in or over
24 territorial limits of the state of Washington on passenger trains,
25 vessels, or airplanes. Such license shall permit the sale of
26 spirituous liquor, wine, and beer at retail for passenger consumption
27 within the state upon one such train passenger car, vessel, or
28 airplane, while in or over the territorial limits of the state. Such
29 license shall include the privilege of transporting into and storing
30 within the state such liquor for subsequent retail sale to passengers
31 in passenger train cars, vessels or airplanes. The fees for such
32 master license shall be seven hundred fifty dollars per annum (class
33 CCI-1): PROVIDED, That upon payment of an additional sum of five
34 dollars per annum per car, or vessel, or airplane, the privileges
35 authorized by such license classes shall extend to additional cars, or
36 vessels, or airplanes operated by the same licensee within the state,
37 and a duplicate license for each additional car, or vessel, or airplane

1 shall be issued: PROVIDED, FURTHER, That such licensee may make such
2 sales and/or service upon cars, or vessels, or airplanes in emergency
3 for not more than five consecutive days without such license: AND
4 PROVIDED, FURTHER, That such license shall be valid only while such
5 cars, or vessels, or airplanes are actively operated as common carriers
6 for hire in interstate commerce and not while they are out of such
7 common carrier service.

8 (b) Alcoholic beverages sold and/or served for consumption by such
9 interstate common carriers while within or over the territorial limits
10 of this state shall be subject to such (~~board~~) office markup and
11 state liquor taxes in an amount to approximate the revenue that would
12 have been realized from such markup and taxes had the alcoholic
13 beverages been purchased in Washington: PROVIDED, That the (~~board's~~)
14 office's markup shall be applied on spirituous liquor only. Such
15 common carriers shall report such sales and/or service and pay such
16 markup and taxes in accordance with procedures prescribed by the
17 (~~board~~) office.

18 (2) Alcoholic beverages sold and delivered in this state to
19 interstate common carriers for use under the provisions of this section
20 shall be considered exported from the state, subject to the conditions
21 provided in subsection (1)(b) of this section. The storage facilities
22 for liquor within the state by common carriers licensed under this
23 section shall be subject to written approval by the (~~board~~) office.

24 **Sec. 89.** RCW 66.24.400 and 2011 c 119 s 401 are each amended to
25 read as follows:

26 (1) There shall be a retailer's license, to be known and designated
27 as a spirits, beer, and wine restaurant license, to sell spirituous
28 liquor by the individual glass, beer, and wine, at retail, for
29 consumption on the premises, including mixed drinks and cocktails
30 compounded or mixed on the premises only. A club licensed under
31 chapter 70.62 RCW with overnight sleeping accommodations, that is
32 licensed under this section may sell liquor by the bottle to registered
33 guests of the club for consumption in guest rooms, hospitality rooms,
34 or at banquets in the club. A patron of a bona fide restaurant or club
35 licensed under this section may remove from the premises recorked or
36 recapped in its original container any portion of wine which was
37 purchased for consumption with a meal, and registered guests who have

1 purchased liquor from the club by the bottle may remove from the
2 premises any unused portion of such liquor in its original container.
3 Such license may be issued only to bona fide restaurants and clubs, and
4 to dining, club and buffet cars on passenger trains, and to dining
5 places on passenger boats and airplanes, and to dining places at civic
6 centers with facilities for sports, entertainment, and conventions, and
7 to such other establishments operated and maintained primarily for the
8 benefit of tourists, vacationers and travelers as the ((~~board~~)) office
9 shall determine are qualified to have, and in the discretion of the
10 ((~~board~~)) office should have, a spirits, beer, and wine restaurant
11 license under the provisions and limitations of this title.

12 (2) The ((~~board~~)) office may issue an endorsement to the spirits,
13 beer, and wine restaurant license that allows the holder of a spirits,
14 beer, and wine restaurant license to sell bottled wine for off-premises
15 consumption. Spirits and beer may not be sold for off-premises
16 consumption under this section except as provided in subsection (4) of
17 this section. The annual fee for the endorsement under this subsection
18 is one hundred twenty dollars.

19 (3) The holder of a spirits, beer, and wine license or its manager
20 may furnish beer, wine, or spirituous liquor to the licensee's
21 employees free of charge as may be required for use in connection with
22 instruction on beer, wine, or spirituous liquor. The instruction may
23 include the history, nature, values, and characteristics of beer, wine,
24 or spirituous liquor, the use of wine lists, and the methods of
25 presenting, serving, storing, and handling beer, wine, and spirituous
26 liquor. The spirits, beer, and wine restaurant licensee must use the
27 beer, wine, or spirituous liquor it obtains under its license for the
28 sampling as part of the instruction. The instruction must be given on
29 the premises of the spirits, beer, and wine restaurant licensee.

30 (4) The ((~~board~~)) office may issue an endorsement to the spirits,
31 beer, and wine restaurant license that allows the holder of a spirits,
32 beer, and wine restaurant license to sell for off-premises consumption
33 malt liquor in kegs or other containers that are capable of holding
34 four gallons or more of liquid and are registered in accordance with
35 RCW 66.28.200. Beer may also be sold under the endorsement to a
36 purchaser in a sanitary container brought to the premises by the
37 purchaser or furnished by the licensee and filled at the tap by the

1 retailer at the time of sale. The annual fee for the endorsement under
2 this subsection is one hundred twenty dollars.

3 **Sec. 90.** RCW 66.24.410 and 2011 c 195 s 2 are each amended to read
4 as follows:

5 (1) "Spirituous liquor," as used in RCW 66.24.400 (~~((t))~~) through
6 66.24.450, inclusive, means "liquor" as defined in RCW 66.04.010,
7 except "wine" and "beer" sold as such.

8 (2) "Restaurant" as used in RCW 66.24.400 (~~((t))~~) through 66.24.450,
9 inclusive, means an establishment provided with special space and
10 accommodations where, in consideration of payment, food, without
11 lodgings, is habitually furnished to the public, not including drug
12 stores and soda fountains: PROVIDED, That such establishments shall be
13 approved by the (~~(board)~~) office and that the (~~(board)~~) office shall be
14 satisfied that such establishment is maintained in a substantial manner
15 as a place for preparing, cooking and serving of complete meals.
16 Requirements for complete meals shall be determined by the (~~(board)~~)
17 office in rules adopted pursuant to chapter 34.05 RCW.

18 (3) "Hotel," "clubs," "wine" and "beer" are used in RCW 66.24.400
19 (~~((t))~~) through 66.24.450, inclusive, with the meaning given in chapter
20 66.04 RCW.

21 **Sec. 91.** RCW 66.24.420 and 2009 c 271 s 7 are each amended to read
22 as follows:

23 (1) The spirits, beer, and wine restaurant license shall be issued
24 in accordance with the following schedule of annual fees:

25 (a) The annual fee for a spirits, beer, and wine restaurant license
26 shall be graduated according to the dedicated dining area and type of
27 service provided as follows:

28	Less than 50% dedicated dining area	\$2,000
29	50% or more dedicated dining area	\$1,600
30	Service bar only	\$1,000

31 (b) The annual fee for the license when issued to any other
32 spirits, beer, and wine restaurant licensee outside of incorporated
33 cities and towns shall be prorated according to the calendar quarters,

1 or portion thereof, during which the licensee is open for business,
2 except in case of suspension or revocation of the license.

3 (c) Where the license shall be issued to any corporation,
4 association or person operating a bona fide restaurant in an airport
5 terminal facility providing service to transient passengers with more
6 than one place where liquor is to be dispensed and sold, such license
7 shall be issued upon the payment of the annual fee, which shall be a
8 master license and shall permit such sale within and from one such
9 place. Such license may be extended to additional places on the
10 premises at the discretion of the ((board)) office and a duplicate
11 license may be issued for each such additional place. The holder of a
12 master license for a restaurant in an airport terminal facility must
13 maintain in a substantial manner at least one place on the premises for
14 preparing, cooking, and serving of complete meals, and such food
15 service shall be available on request in other licensed places on the
16 premises. An additional license fee of twenty-five percent of the
17 annual master license fee shall be required for such duplicate
18 licenses.

19 (d) Where the license shall be issued to any corporation,
20 association, or person operating dining places at a publicly or
21 privately owned civic or convention center with facilities for sports,
22 entertainment, or conventions, or a combination thereof, with more than
23 one place where liquor is to be dispensed and sold, such license shall
24 be issued upon the payment of the annual fee, which shall be a master
25 license and shall permit such sale within and from one such place.
26 Such license may be extended to additional places on the premises at
27 the discretion of the ((board)) office and a duplicate license may be
28 issued for each such additional place. The holder of a master license
29 for a dining place at such a publicly or privately owned civic or
30 convention center must maintain in a substantial manner at least one
31 place on the premises for preparing, cooking, and serving of complete
32 meals, and food service shall be available on request in other licensed
33 places on the premises. An additional license fee of ten dollars shall
34 be required for such duplicate licenses.

35 (2) The ((board)) office, so far as in its judgment is reasonably
36 possible, shall confine spirits, beer, and wine restaurant licenses to
37 the business districts of cities and towns and other communities, and
38 not grant such licenses in residential districts, nor within the

1 immediate vicinity of schools, without being limited in the
2 administration of this subsection to any specific distance
3 requirements.

4 (3) The ((~~board~~)) office shall have discretion to issue spirits,
5 beer, and wine restaurant licenses outside of cities and towns in the
6 state of Washington. The purpose of this subsection is to enable the
7 ((~~board~~)) office, in its discretion, to license in areas outside of
8 cities and towns and other communities, establishments which are
9 operated and maintained primarily for the benefit of tourists,
10 vacationers and travelers, and also golf and country clubs, and common
11 carriers operating dining, club and buffet cars, or boats.

12 (4) The combined total number of spirits, beer, and wine nightclub
13 licenses, and spirits, beer, and wine restaurant licenses issued in the
14 state of Washington by the ((~~board~~)) office, not including spirits,
15 beer, and wine private club licenses, shall not in the aggregate at any
16 time exceed one license for each one thousand two hundred of population
17 in the state, determined according to the yearly population
18 determination developed by the office of financial management pursuant
19 to RCW 43.62.030.

20 (5) Notwithstanding the provisions of subsection (4) of this
21 section, the ((~~board~~)) office shall refuse a spirits, beer, and wine
22 restaurant license to any applicant if in the opinion of the ((~~board~~))
23 office the spirits, beer, and wine restaurant licenses already granted
24 for the particular locality are adequate for the reasonable needs of
25 the community.

26 (6)(a) The ((~~board~~)) office may issue a caterer's endorsement to
27 this license to allow the licensee to remove the liquor stocks at the
28 licensed premises, for use as liquor for sale and service at event
29 locations at a specified date and, except as provided in subsection (7)
30 of this section, place not currently licensed by the ((~~board~~)) office.
31 If the event is open to the public, it must be sponsored by a society
32 or organization as defined by RCW 66.24.375. If attendance at the
33 event is limited to members or invited guests of the sponsoring
34 individual, society, or organization, the requirement that the sponsor
35 must be a society or organization as defined by RCW 66.24.375 is
36 waived. Cost of the endorsement is three hundred fifty dollars.

37 (b) The holder of this license with a catering endorsement shall,
38 if requested by the ((~~board~~)) office, notify the ((~~board~~)) office or

1 its designee of the date, time, place, and location of any catered
2 event. Upon request, the licensee shall provide to the ((board))
3 office all necessary or requested information concerning the society or
4 organization that will be holding the function at which the endorsed
5 license will be utilized.

6 (c) The holder of this license with a caterer's endorsement may,
7 under conditions established by the ((board)) office, store liquor on
8 the premises of another not licensed by the ((board)) office so long as
9 there is a written agreement between the licensee and the other party
10 to provide for ongoing catering services, the agreement contains no
11 exclusivity clauses regarding the alcoholic beverages to be served, and
12 the agreement is filed with the ((board)) office.

13 (d) The holder of this license with a caterer's endorsement may,
14 under conditions established by the ((board)) office, store liquor on
15 other premises operated by the licensee so long as the other premises
16 are owned or controlled by a leasehold interest by that licensee. A
17 duplicate license may be issued for each additional premises. A
18 license fee of twenty dollars shall be required for such duplicate
19 licenses.

20 (7) Licensees under this section that hold a caterer's endorsement
21 are allowed to use this endorsement on a domestic winery premises or on
22 the premises of a passenger vessel and may store liquor at such
23 premises under conditions established by the ((board)) office under the
24 following conditions:

25 (a) Agreements between the domestic winery or passenger vessel, as
26 the case may be, and the retail licensee shall be in writing, contain
27 no exclusivity clauses regarding the alcoholic beverages to be served,
28 and be filed with the ((board)) office; and

29 (b) The domestic winery or passenger vessel, as the case may be,
30 and the retail licensee shall be separately contracted and compensated
31 by the persons sponsoring the event for their respective services.

32 **Sec. 92.** RCW 66.24.425 and 2001 c 199 s 3 and 2001 c 198 s 1 are
33 each reenacted and amended to read as follows:

34 (1) The ((board)) office may, in its discretion, issue a spirits,
35 beer, and wine restaurant license to a business which qualifies as a
36 "restaurant" as that term is defined in RCW 66.24.410 in all respects
37 except that the business does not serve the general public but, through

1 membership qualification, selectively restricts admission to the
2 business. For purposes of RCW 66.24.400 and 66.24.420, all licenses
3 issued under this section shall be considered spirits, beer, and wine
4 restaurant licenses and shall be subject to all requirements, fees, and
5 qualifications in this title, or in rules adopted by the ((board))
6 office, as are applicable to spirits, beer, and wine restaurant
7 licenses generally except that no service to the general public may be
8 required.

9 (2) No license shall be issued under this section to a business:

10 (a) Which shall not have been in continuous operation for at least
11 one year immediately prior to the date of its application; or

12 (b) Which denies membership or admission to any person because of
13 race, creed, color, national origin, sex, or the presence of any
14 sensory, mental, or physical handicap.

15 (3) The ((board)) office may issue an endorsement to the spirits,
16 beer, and wine restaurant license issued under this section that allows
17 up to forty nonclub, member-sponsored events using club liquor.
18 Visitors and guests may attend these events only by invitation of the
19 sponsoring member or members. These events may not be open to the
20 general public. The fee for the endorsement is an annual fee of nine
21 hundred dollars. Upon the ((board's)) office's request, the holder of
22 the endorsement must provide the ((board)) office or the ((board's))
23 office's designee with the following information at least seventy-two
24 hours before the event: The date, time, and location of the event; the
25 name of the sponsor of the event; and a brief description of the
26 purpose of the event.

27 (4) The ((board)) office may issue an endorsement to the spirits,
28 beer, and wine restaurant license that allows the holder of a spirits,
29 beer, and wine restaurant license to sell for off-premises consumption
30 wine vinted and bottled in the state of Washington and carrying a label
31 exclusive to the license holder selling the wine. Spirits and beer may
32 not be sold for off-premises consumption under this section. The
33 annual fee for the endorsement under this ((chapter [section])) section
34 is one hundred twenty dollars.

35 **Sec. 93.** RCW 66.24.440 and 2011 c 325 s 3 are each amended to read
36 as follows:

37 Each spirits, beer, and wine restaurant, spirits, beer, and wine

1 private club, hotel, spirits, beer, and wine nightclub, sports
2 entertainment facility (~~(licensee)~~), and VIP airport lounge licensee
3 shall be entitled to purchase any spirituous liquor items salable under
4 such license from the (~~(board)~~) office at a discount of not less than
5 fifteen percent from the retail price fixed by the (~~(board)~~) office,
6 together with all taxes.

7 **Sec. 94.** RCW 66.24.450 and 2011 c 119 s 402 are each amended to
8 read as follows:

9 (1) No club shall be entitled to a spirits, beer, and wine private
10 club license:

11 (a) Unless such private club has been in continuous operation for
12 at least one year immediately prior to the date of its application for
13 such license;

14 (b) Unless the private club premises be constructed and equipped,
15 conducted, managed, and operated to the satisfaction of the (~~(board)~~)
16 office and in accordance with this title and the regulations made
17 thereunder;

18 (c) Unless the (~~(board)~~) office shall have determined pursuant to
19 any regulations made by it with respect to private clubs, that such
20 private club is a bona fide private club; it being the intent of this
21 section that license shall not be granted to a club which is, or has
22 been, primarily formed or activated to obtain a license to sell liquor,
23 but solely to a bona fide private club, where the sale of liquor is
24 incidental to the main purposes of the spirits, beer, and wine private
25 club, as defined in RCW 66.04.010(~~(+8)~~) (7).

26 (2) The annual fee for a spirits, beer, and wine private club
27 license, whether inside or outside of an incorporated city or town, is
28 seven hundred twenty dollars per year.

29 (3) The (~~(board)~~) office may issue an endorsement to the spirits,
30 beer, and wine private club license that allows nonclub, member-
31 sponsored events using club liquor. Visitors and guests may attend
32 these events only by invitation of the sponsoring member or members.
33 These events may not be open to the general public. The fee for the
34 endorsement shall be an annual fee of nine hundred dollars. Upon the
35 (~~(board's)~~) office's request, the holder of the endorsement must
36 provide the (~~(board)~~) office or the (~~(board's)~~) office's designee with
37 the following information at least seventy-two hours prior to the

1 event: The date, time, and location of the event; the name of the
2 sponsor of the event; and a brief description of the purpose of the
3 event.

4 (4) The ((~~board~~)) office may issue an endorsement to the spirits,
5 beer, and wine private club license that allows the holder of a
6 spirits, beer, and wine private club license to sell bottled wine for
7 off-premises consumption. Spirits and beer may not be sold for off-
8 premises consumption under this section. The annual fee for the
9 endorsement under this section is one hundred twenty dollars.

10 **Sec. 95.** RCW 66.24.452 and 2009 c 373 s 3 are each amended to read
11 as follows:

12 (1) There shall be a beer and wine license to be issued to a
13 private club for sale of beer, strong beer, and wine for on-premises
14 consumption.

15 (2) Beer, strong beer, and wine sold by the licensee may be on tap
16 or by open bottles or cans.

17 (3) The fee for the private club beer and wine license is one
18 hundred eighty dollars per year.

19 (4) The ((~~board~~)) office may issue an endorsement to the private
20 club beer and wine license that allows the holder of a private club
21 beer and wine license to sell bottled wine for off-premises
22 consumption. Spirits, strong beer, and beer may not be sold for off-
23 premises consumption under this section. The annual fee for the
24 endorsement under this section is one hundred twenty dollars.

25 **Sec. 96.** RCW 66.24.455 and 1998 c 126 s 10 are each amended to
26 read as follows:

27 Subject to approval by the ((~~board~~)) office, holders of beer and/or
28 wine restaurant, tavern, snack bar, spirits, beer, and wine restaurant,
29 spirits, beer, and wine private club, or beer and wine private club
30 licenses may extend their premises for the sale, service, and
31 consumption of liquor authorized under their respective licenses to the
32 concourse or lane areas in a bowling establishment where the concourse
33 or lane areas are adjacent to the food preparation service facility.

34 **Sec. 97.** RCW 66.24.480 and 1951 c 120 s 2 are each amended to read
35 as follows:

1 "Bottle club" means a club or association operating for profit or
2 otherwise and conducting or maintaining premises in which the members
3 or other persons may resort for the primary or incidental purpose of
4 keeping or consuming liquor on the premises.

5 Except as permitted under a license issued by the (~~Washington~~
6 ~~state liquor control board~~) office, it is unlawful for any person to
7 conduct or maintain by himself or herself or by associating with
8 others, or to in any manner aid, assist, or abet in conducting or
9 maintaining a bottle club.

10 **Sec. 98.** RCW 66.24.481 and 2008 c 94 s 9 are each amended to read
11 as follows:

12 No public place or club, or agent, servant or employee thereof,
13 shall keep or allow to be kept, either by itself, its agent, servant or
14 employee, or any other person, any liquor in any place maintained or
15 conducted by such public place or club, nor shall it permit the
16 drinking of any liquor in any such place, unless the sale of liquor in
17 said place is authorized by virtue of a valid and subsisting license
18 issued by the (~~Washington state liquor control board~~) office, or the
19 consumption of liquor in said place is authorized by a special banquet
20 permit issued by said (~~board~~) office. Every person who violates any
21 provision of this section shall be guilty of a gross misdemeanor.

22 "Public place," for purposes of this section only, shall mean in
23 addition to the definition set forth in RCW 66.04.010, any place to
24 which admission is charged or in which any pecuniary gain is realized
25 by the owner or operator of such place in selling or vending food or
26 soft drinks.

27 **Sec. 99.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to
28 read as follows:

29 (1) There shall be a license to be designated as a nonprofit arts
30 organization license. This shall be a special license to be issued to
31 any nonprofit arts organization which sponsors and presents productions
32 or performances of an artistic or cultural nature in a specific theater
33 or other appropriate designated indoor premises approved by the
34 (~~board~~) office. The license shall permit the licensee to sell liquor
35 to patrons of productions or performances for consumption on the

1 premises at these events. The fee for the license shall be two hundred
2 fifty dollars per annum.

3 (2) For the purposes of this section, the term "nonprofit arts
4 organization" means an organization which is organized and operated for
5 the purpose of providing artistic or cultural exhibitions,
6 presentations, or performances or cultural or art education programs,
7 as defined in subsection (3) of this section, for viewing or attendance
8 by the general public. The organization must be a not-for-profit
9 corporation under chapter 24.03 RCW and managed by a governing board of
10 not less than eight individuals none of whom is a paid employee of the
11 organization or by a corporation sole under chapter 24.12 RCW. In
12 addition, the corporation must satisfy the following conditions:

13 (a) No part of its income may be paid directly or indirectly to its
14 members, stockholders, officers, directors, or trustees except in the
15 form of services rendered by the corporation in accordance with its
16 purposes and bylaws;

17 (b) Salary or compensation paid to its officers and executives must
18 be only for actual services rendered, and at levels comparable to the
19 salary or compensation of like positions within the state;

20 (c) Assets of the corporation must be irrevocably dedicated to the
21 activities for which the license is granted and, on the liquidation,
22 dissolution, or abandonment by the corporation, may not inure directly
23 or indirectly to the benefit of any member or individual except a
24 nonprofit organization, association, or corporation;

25 (d) The corporation must be duly licensed or certified when
26 licensing or certification is required by law or regulation;

27 (e) The proceeds derived from sales of liquor, except for
28 reasonable operating costs, must be used in furtherance of the purposes
29 of the organization;

30 (f) Services must be available regardless of race, color, national
31 origin, or ancestry; and

32 (g) The (~~liquor control board~~) office shall have access to its
33 books in order to determine whether the corporation is entitled to a
34 license.

35 (3) The term "artistic or cultural exhibitions, presentations, or
36 performances or cultural or art education programs" includes and is
37 limited to:

1 (a) An exhibition or presentation of works of art or objects of
2 cultural or historical significance, such as those commonly displayed
3 in art or history museums;

4 (b) A musical or dramatic performance or series of performances; or

5 (c) An educational seminar or program, or series of such programs,
6 offered by the organization to the general public on an artistic,
7 cultural, or historical subject.

8 **Sec. 100.** RCW 66.24.540 and 2012 c 2 (Initiative Measure No. 1183)
9 s 114 are each amended to read as follows:

10 (1) There is a retailer's license to be designated as a motel
11 license. The motel license may be issued to a motel regardless of
12 whether it holds any other class of license under this title. No
13 license may be issued to a motel offering rooms to its guests on an
14 hourly basis. The license authorizes the licensee to:

15 (a) Sell, at retail, in locked honor bars, spirits in individual
16 bottles not to exceed fifty milliliters, beer in individual cans or
17 bottles not to exceed twelve ounces, and wine in individual bottles not
18 to exceed one hundred eighty-seven milliliters, to registered guests of
19 the motel for consumption in guest rooms.

20 (i) Each honor bar must also contain snack foods. No more than
21 one-half of the guest rooms may have honor bars.

22 (ii) All spirits to be sold under the license must be purchased
23 from a spirits retailer or a spirits distributor licensee of the
24 ((board)) office.

25 (iii) The licensee must require proof of age from the guest renting
26 a guest room and requesting the use of an honor bar. The guest must
27 also execute an affidavit verifying that no one under twenty-one years
28 of age has access to the spirits, beer, and wine in the honor bar.

29 (b) Provide without additional charge, to overnight guests of the
30 motel, spirits, beer, and wine by the individual serving for on-
31 premises consumption at a specified regular date, time, and place as
32 may be fixed by the ((board)) office. Self-service by attendees is
33 prohibited. All spirits, beer, and wine service must be done by an
34 alcohol server as defined in RCW 66.20.300 and comply with RCW
35 66.20.310.

36 (2) The annual fee for a motel license is five hundred dollars.

1 (3) For the purposes of this section, "motel" means a transient
2 accommodation licensed under chapter 70.62 RCW.

3 **Sec. 101.** RCW 66.24.550 and 1997 c 321 s 35 are each amended to
4 read as follows:

5 There shall be a beer and wine retailer's license to be designated
6 as a beer and wine gift delivery license to solicit, take orders for,
7 sell, and deliver beer and/or wine in bottles and original packages to
8 persons other than the person placing the order. A beer and wine gift
9 delivery license may be issued only to a business solely engaged in the
10 sale or sale and delivery of gifts at retail which holds no other class
11 of license under this title or to a person in the business of selling
12 flowers or floral arrangements at retail. No minimum beer and/or wine
13 inventory requirement shall apply to holders of beer and wine gift
14 delivery licenses. The fee for this license is seventy-five dollars
15 per year. Delivery of beer and/or wine under a beer and wine gift
16 delivery license shall be made in accordance with all applicable
17 provisions of this title and the rules of the ((board)) office, and no
18 beer and/or wine so delivered shall be opened on any premises licensed
19 under this title. A beer and wine gift delivery license does not
20 authorize door-to-door solicitation of gift wine delivery orders.
21 Deliveries of beer and/or wine under a beer and wine gift delivery
22 license shall be made only in conjunction with gifts or flowers.

23 **Sec. 102.** RCW 66.24.570 and 2011 c 119 s 205 are each amended to
24 read as follows:

25 (1) There is a license for sports entertainment facilities to be
26 designated as a sports entertainment facility license to sell beer,
27 wine, and spirits at retail, for consumption upon the premises only,
28 the license to be issued to the entity providing food and beverage
29 service at a sports entertainment facility as defined in this section.
30 The cost of the license is two thousand five hundred dollars per annum.

31 (2) For purposes of this section, a sports entertainment facility
32 includes a publicly or privately owned arena, coliseum, stadium, or
33 facility where sporting events are presented for a price of admission.
34 The facility does not have to be exclusively used for sporting events.

35 (3) The ((board)) office may impose reasonable requirements upon a
36 licensee under this section, such as requirements for the availability

1 of food and victuals including but not limited to hamburgers,
2 sandwiches, salads, or other snack food. The ((board)) office may also
3 restrict the type of events at a sports entertainment facility at which
4 beer, wine, and spirits may be served. When imposing conditions for a
5 licensee, the ((board)) office must consider the seating
6 accommodations, eating facilities, and circulation patterns in such a
7 facility, and other amenities available at a sports entertainment
8 facility.

9 (4)(a) The ((board)) office may issue a caterer's endorsement to
10 the license under this section to allow the licensee to remove from the
11 liquor stocks at the licensed premises, for use as liquor for sale and
12 service at event locations at a specified date and place not currently
13 licensed by the ((board)) office. If the event is open to the public,
14 it must be sponsored by a society or organization as defined by RCW
15 66.24.375. If attendance at the event is limited to members or invited
16 guests of the sponsoring individual, society, or organization, the
17 requirement that the sponsor must be a society or organization as
18 defined by RCW 66.24.375 is waived. Cost of the endorsement is three
19 hundred fifty dollars.

20 (b) The holder of this license with catering endorsement shall, if
21 requested by the ((board)) office, notify the ((board)) office or its
22 designee of the date, time, place, and location of any catered event.
23 Upon request, the licensee shall provide to the ((board)) office all
24 necessary or requested information concerning the society or
25 organization that will be holding the function at which the endorsed
26 license will be utilized.

27 (5) The ((board)) office may issue an endorsement to the beer,
28 wine, and spirits sports entertainment facility license that allows the
29 holder of a beer, wine, and spirits sports entertainment facility
30 license to sell for off-premises consumption wine vinted and bottled in
31 the state of Washington and carrying a label exclusive to the license
32 holder selling the wine. Spirits and beer may not be sold for off-
33 premises consumption under this section. The annual fee for the
34 endorsement under this section is one hundred twenty dollars.

35 (6)(a) A licensee and an affiliated business may enter into
36 arrangements with a manufacturer, importer, or distributor for brand
37 advertising at the sports entertainment facility or promotion of events
38 held at the sports entertainment facility, with a capacity of five

1 thousand people or more. The financial arrangements providing for the
2 brand advertising or promotion of events shall not be used as an
3 inducement to purchase the products of the manufacturer, importer, or
4 distributor entering into the arrangement nor shall it result in the
5 exclusion of brands or products of other companies.

6 (b) The arrangements allowed under this subsection (6) are an
7 exception to arrangements prohibited under RCW 66.28.305. The
8 (~~board~~) office shall monitor the impacts of these arrangements. The
9 (~~board~~) office may conduct audits of the licensee and the affiliated
10 business to determine compliance with this subsection (6). Audits may
11 include but are not limited to product selection at the facility;
12 purchase patterns of the licensee; contracts with the liquor
13 manufacturer, importer, or distributor; and the amount allocated or
14 used for liquor advertising by the licensee, affiliated business,
15 manufacturer, importer, or distributor under the arrangements.

16 (c) The (~~board~~) office shall report to the appropriate committees
17 of the legislature by December 30, 2008, and biennially thereafter, on
18 the impacts of arrangements allowed between sports entertainment
19 licensees and liquor manufacturers, importers, and distributors for
20 brand advertising and promotion of events at the facility.

21 **Sec. 103.** RCW 66.24.580 and 2011 c 119 s 206 are each amended to
22 read as follows:

23 (1) A public house license allows the licensee:

24 (a) To annually manufacture no less than two hundred fifty gallons
25 and no more than two thousand four hundred barrels of beer on the
26 licensed premises;

27 (b) To sell product, that is produced on the licensed premises, at
28 retail on the licensed premises for consumption on the licensed
29 premises;

30 (c) To sell beer or wine not of its own manufacture for consumption
31 on the licensed premises if the beer or wine has been purchased from a
32 licensed beer or wine wholesaler;

33 (d) To apply for and, if qualified and upon the payment of the
34 appropriate fee, be licensed as a spirits, beer, and wine restaurant to
35 do business at the same location. This fee is in addition to the fee
36 charged for the basic public house license.

37 (2) RCW 66.28.305 applies to a public house license.

1 (3) A public house licensee must pay all applicable taxes on
2 production as are required by law, and all appropriate taxes must be
3 paid for any product sold at retail on the licensed premises.

4 (4) The employees of the licensee must comply with the provisions
5 of mandatory server training in RCW 66.20.300 through 66.20.350.

6 (5) The holder of a public house license may not hold a
7 wholesaler's or importer's license, act as the agent of another
8 manufacturer, wholesaler, or importer, or hold a brewery or winery
9 license.

10 (6) The annual license fee for a public house is one thousand
11 dollars.

12 (7) The holder of a public house license may hold other licenses at
13 other locations if the locations are approved by the ((board)) office.

14 (8) Existing holders of annual retail liquor licenses may apply for
15 and, if qualified, be granted a public house license at one or more of
16 their existing liquor licensed locations without discontinuing business
17 during the application or construction stages.

18 **Sec. 104.** RCW 66.24.590 and 2012 c 2 (Initiative Measure No. 1183)
19 s 115 are each amended to read as follows:

20 (1) There is a retailer's license to be designated as a hotel
21 license. No license may be issued to a hotel offering rooms to its
22 guests on an hourly basis. Food service provided for room service,
23 banquets or conferences, or restaurant operation under this license
24 must meet the requirements of rules adopted by the ((board)) office.

25 (2) The hotel license authorizes the licensee to:

26 (a) Sell spirituous liquor, beer, and wine, by the individual
27 glass, at retail, for consumption on the premises, including mixed
28 drinks and cocktails compounded and mixed on the premises;

29 (b) Sell, at retail, from locked honor bars, in individual units,
30 spirits not to exceed fifty milliliters, beer in individual units not
31 to exceed twelve ounces, and wine in individual bottles not to exceed
32 three hundred eighty-five milliliters, to registered guests of the
33 hotel for consumption in guest rooms. The licensee must require proof
34 of age from the guest renting a guest room and requesting the use of an
35 honor bar. The guest must also execute an affidavit verifying that no
36 one under twenty-one years of age will have access to the spirits,
37 beer, and wine in the honor bar;

1 (c) Provide without additional charge, to overnight guests,
2 spirits, beer, and wine by the individual serving for on-premises
3 consumption at a specified regular date, time, and place as may be
4 fixed by the ((board)) office. Self-service by attendees is
5 prohibited;

6 (d) Sell beer, including strong beer, wine, or spirits, in the
7 manufacturer's sealed container or by the individual drink to guests
8 through room service, or through service to occupants of private
9 residential units which are part of the buildings or complex of
10 buildings that include the hotel;

11 (e) Sell beer, including strong beer, spirits, or wine, in the
12 manufacturer's sealed container at retail sales locations within the
13 hotel premises;

14 (f) Sell beer to a purchaser in a sanitary container brought to the
15 premises by the purchaser or furnished by the licensee and filled at
16 the tap in the restaurant area by the licensee at the time of sale;

17 (g) Sell for on or off-premises consumption, including through room
18 service and service to occupants of private residential units managed
19 by the hotel, wine carrying a label exclusive to the hotel license
20 holder;

21 (h) Place in guest rooms at check-in, a complimentary bottle of
22 liquor in a manufacturer-sealed container, and make a reference to this
23 service in promotional material.

24 (3) If all or any facilities for alcoholic beverage service and the
25 preparation, cooking, and serving of food are operated under contract
26 or joint venture agreement, the operator may hold a license separate
27 from the license held by the operator of the hotel. Food and beverage
28 inventory used in separate licensed operations at the hotel may not be
29 shared and must be separately owned and stored by the separate
30 licensees.

31 (4) All spirits to be sold under this license must be purchased
32 from a spirits retailer or spirits distributor licensee of the
33 ((board)) office.

34 (5) All on-premise alcoholic beverage service must be done by an
35 alcohol server as defined in RCW 66.20.300 and must comply with RCW
36 66.20.310.

37 (6)(a) The hotel license allows the licensee to remove from the
38 liquor stocks at the licensed premises, liquor for sale and service at

1 event locations at a specified date and place not currently licensed by
2 the ((~~board~~)) office. If the event is open to the public, it must be
3 sponsored by a society or organization as defined by RCW 66.24.375. If
4 attendance at the event is limited to members or invited guests of the
5 sponsoring individual, society, or organization, the requirement that
6 the sponsor must be a society or organization as defined by RCW
7 66.24.375 is waived.

8 (b) The holder of this license must, if requested by the ((~~board~~))
9 office, notify the ((~~board~~)) office or its designee of the date, time,
10 place, and location of any event. Upon request, the licensee must
11 provide to the ((~~board~~)) office all necessary or requested information
12 concerning the society or organization that will be holding the
13 function at which the endorsed license will be utilized.

14 (c) Licensees may cater events on a domestic winery, brewery, or
15 distillery premises.

16 (7) The holder of this license or its manager may furnish spirits,
17 beer, or wine to the licensee's employees who are twenty-one years of
18 age or older free of charge as may be required for use in connection
19 with instruction on spirits, beer, and wine. The instruction may
20 include the history, nature, values, and characteristics of spirits,
21 beer, or wine, the use of wine lists, and the methods of presenting,
22 serving, storing, and handling spirits, beer, or wine. The licensee
23 must use the liquor it obtains under its license for the sampling as
24 part of the instruction. The instruction must be given on the premises
25 of the licensee.

26 (8) Minors may be allowed in all areas of the hotel where liquor
27 may be consumed; however, the consumption must be incidental to the
28 primary use of the area. These areas include, but are not limited to,
29 tennis courts, hotel lobbies, and swimming pool areas. If an area is
30 not a mixed use area, and is primarily used for alcohol service, the
31 area must be designated and restricted to access by persons of lawful
32 age to purchase liquor.

33 (9) The annual fee for this license is two thousand dollars.

34 (10) As used in this section, "hotel," "spirits," "beer," and
35 "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

36 **Sec. 105.** RCW 66.24.600 and 2009 c 271 s 1 are each amended to
37 read as follows:

1 (1) There shall be a spirits, beer, and wine nightclub license to
2 sell spirituous liquor by the drink, beer, and wine at retail, for
3 consumption on the licensed premises.

4 (2) The license may be issued only to a person whose business
5 includes the sale and service of alcohol to the person's customers, has
6 food sales and service incidental to the sale and service of alcohol,
7 and has primary business hours between 9:00 p.m. and 2:00 a.m.

8 (3) Minors may be allowed on the licensed premises but only in
9 areas where alcohol is not served or consumed.

10 (4) The annual fee for this license is two thousand dollars. The
11 fee for the license shall be reviewed from time to time and set at such
12 a level sufficient to defray the cost of licensing and enforcing this
13 licensing program. The fee shall be fixed by rule adopted by the
14 ((board)) office in accordance with the provisions of the
15 administrative procedure act, chapter 34.05 RCW.

16 (5) Local governments may petition the ((board)) office to request
17 that further restrictions be imposed on a spirits, beer, and wine
18 nightclub license in the interest of public safety. Examples of
19 further restrictions a local government may request are: No minors
20 allowed on the entire premises, submitting a security plan, or signing
21 a good neighbor agreement with the local government.

22 (6) The total number of spirits, beer, and wine nightclub licenses
23 are subject to the requirements of RCW 66.24.420(4). However, the
24 ((board)) office shall refuse a spirits, beer, and wine nightclub
25 license to any applicant if the ((board)) office determines that the
26 spirits, beer, and wine nightclub licenses already granted for the
27 particular locality are adequate for the reasonable needs of the
28 community.

29 (7) The ((board)) office may adopt rules to implement this section.

30 **Sec. 106.** RCW 66.24.610 and 2011 c 325 s 1 are each amended to
31 read as follows:

32 There shall be a license to allow a VIP airport lounge operator to
33 sell or otherwise provide spirits, wine, and beer solely for
34 consumption on the premises of a VIP airport lounge. The license
35 described in this section allows the VIP airport lounge operator to
36 purchase spirits from the ((board)) office, and to purchase beer and
37 wine at retail outlets, or from the manufacturer or a distributor. No

1 licensee may serve liquor from a bar where patrons may sit to be
2 served, but may only serve liquor from a service bar, as approved by
3 the ((board)) office. The annual fee for this license shall be two
4 thousand dollars.

5 **Sec. 107.** RCW 66.24.--- and 2012 c 2 (Initiative Measure No. 1183)
6 s 102 are each amended to read as follows:

7 (1) The holder of a spirits distributor license or spirits retail
8 license issued under this title may commence sale of spirits upon
9 issuance thereof, but in no event earlier than March 1, 2012, for
10 distributors, or June 1, 2012, for retailers. The ((board)) office
11 must complete application processing by those dates of all complete
12 applications for spirits licenses on file with the ((board)) office on
13 or before sixty days from December 8, 2011.

14 (2) The ((board)) office must effect orderly closure of all state
15 liquor stores no later than June 1, 2012, and must thereafter refrain
16 from purchase, sale, or distribution of liquor, except for asset sales
17 authorized by chapter 2, Laws of 2012.

18 (3) The ((board)) office must devote sufficient resources to
19 planning and preparation for sale of all assets of state liquor stores
20 and distribution centers, and all other assets of the state over which
21 the ((board)) office has power of disposition, including without
22 limitation goodwill and location value associated with state liquor
23 stores, with the objective of depleting all inventory of liquor by May
24 31, 2012, and closing all other asset sales no later than June 1, 2013.
25 The ((board)) office, in furtherance of this subsection, may sell
26 liquor to spirits licensees.

27 (4)(a) Disposition of any state liquor store or distribution center
28 assets remaining after June 1, 2013, must be managed by the department
29 of revenue.

30 (b) The ((board)) office must obtain the maximum reasonable value
31 for all asset sales made under this section.

32 (c) The ((board)) office must sell by auction open to the public
33 the right at each state-owned store location of a spirits retail
34 licensee to operate a liquor store upon the premises. Such right must
35 be freely alienable and subject to all state and local zoning and land
36 use requirements applicable to the property. Acquisition of the
37 operating rights must be a precondition to, but does not establish

1 eligibility for, a spirits retail license at the location of a state
2 store and does not confer any privilege conferred by a spirits retail
3 license. Holding the rights does not require the holder of the right
4 to operate a liquor-licensed business or apply for a liquor license.

5 (5) All sales proceeds under this section, net of direct sales
6 expenses and other transition costs authorized by this section, must be
7 deposited into the liquor revolving fund.

8 (6)(a) The ((board)) office must complete the orderly transition
9 from the current state-controlled system to the private licensee system
10 of spirits retailing and distribution as required under this chapter by
11 June 1, 2012.

12 (b) The transition must include, without limitation, a provision
13 for applying operating and asset sale revenues of the ((board)) office
14 to just and reasonable measures to avert harm to interests of tribes,
15 military buyers, and nonemployee liquor store operators under then
16 existing contracts for supply by the ((board)) office of distilled
17 spirits, taking into account present value of issuance of a spirits
18 retail license to the holder of such interest. The provision may
19 extend beyond the time for completion of transition to a spirits
20 licensee system.

21 (c) Purchases by the federal government from any licensee of the
22 ((board)) office of spirits for resale through commissaries at military
23 installations are exempt from sales tax based on selling price levied
24 by RCW 82.08.150.

25 **Sec. 108.** RCW 66.24.--- and 2012 c 2 (Initiative Measure No. 1183)
26 s 103 are each amended to read as follows:

27 (1) There is a spirits retail license to: Sell spirits in original
28 containers to consumers for consumption off the licensed premises and
29 to permit holders; sell spirits in original containers to retailers
30 licensed to sell spirits for consumption on the premises, for resale at
31 their licensed premises according to the terms of their licenses,
32 although no single sale may exceed twenty-four liters, unless the sale
33 is by a licensee that was a contract liquor store manager of a contract
34 liquor store at the location of its spirits retail licensed premises
35 from which it makes such sales; and export spirits.

36 (2) For the purposes of this title, a spirits retail license is a
37 retail license, and a sale by a spirits retailer is a retail sale only

1 if not for resale. Nothing in this title authorizes sales by on-sale
2 licensees to other retail licensees. The ((~~board~~)) office must
3 establish by rule an obligation of on-sale spirits retailers to:

4 (a) Maintain a schedule by stock-keeping unit of all their
5 purchases of spirits from spirits retail licensees, indicating the
6 identity of the seller and the quantities purchased; and

7 (b) Provide, not more frequently than quarterly, a report for each
8 scheduled item containing the identity of the purchasing on-premise
9 licensee and the quantities of that scheduled item purchased since any
10 preceding report to:

11 (i) A distributor authorized by the distiller to distribute a
12 scheduled item in the on-sale licensee's geographic area; or

13 (ii) A distiller acting as distributor of the scheduled item in the
14 area.

15 (3)(a) Except as otherwise provided in ((~~subsection~~)) (c) of this
16 ((~~section~~)) subsection, the ((~~board~~)) office may issue spirits retail
17 licenses only for premises comprising at least ten thousand square feet
18 of fully enclosed retail space within a single structure, including
19 storerooms and other interior auxiliary areas but excluding covered or
20 fenced exterior areas, whether or not attached to the structure, and
21 only to applicants that the ((~~board~~)) office determines will maintain
22 systems for inventory management, employee training, employee
23 supervision, and physical security of the product substantially as
24 effective as those of stores currently operated by the ((~~board~~)) office
25 with respect to preventing sales to or pilferage by underage or
26 inebriated persons.

27 (b) License issuances and renewals are subject to RCW 66.24.010 and
28 the regulations promulgated thereunder, including without limitation
29 rights of cities, towns, county legislative authorities, the public,
30 churches, schools, and public institutions to object to or prevent
31 issuance of local liquor licenses. However, existing grocery premises
32 licensed to sell beer and/or wine are deemed to be premises "now
33 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
34 applications for spirits retail licenses.

35 (c) The ((~~board~~)) office may not deny a spirits retail license to
36 an otherwise qualified contract liquor store at its contract location
37 or to the holder of former state liquor store operating rights sold at
38 auction under RCW 66.24.--- (section 102, chapter 2, Laws of 2012) on

1 the grounds of location, nature, or size of the premises to be
2 licensed. The ((board)) office shall not deny a spirits retail license
3 to applicants that are not contract liquor stores or operating rights
4 holders on the grounds of the size of the premises to be licensed, if
5 such applicant is otherwise qualified and the ((board)) office
6 determines that:

7 (i) There is no retail spirits license holder in the trade area
8 that the applicant proposes to serve;

9 (ii) The applicant meets, or upon licensure will meet, the
10 operational requirements established by the ((board)) office by rule;
11 and

12 (iii) The licensee has not committed more than one public safety
13 violation within the three years preceding application.

14 (d) A retailer authorized to sell spirits for consumption on or off
15 the licensed premises may accept delivery of spirits at its licensed
16 premises or at one or more warehouse facilities registered with the
17 ((board)) office, which facilities may also warehouse and distribute
18 nonliquor items, and from which the retailer may deliver to its own
19 licensed premises and, pursuant to sales permitted under subsection (1)
20 of this section:

21 (i) To other retailer premises licensed to sell spirits for
22 consumption on the licensed premises;

23 (ii) To other registered facilities; or

24 (iii) To lawful purchasers outside the state. The facilities may
25 be registered and utilized by associations, cooperatives, or comparable
26 groups of retailers, including at least one retailer licensed to sell
27 spirits.

28 (4) Each spirits retail licensee must pay to the ((board)) office,
29 for deposit into the liquor revolving fund, a license issuance fee
30 equivalent to seventeen percent of all spirits sales revenues under the
31 license, exclusive of taxes collected by the licensee and of sales of
32 items on which a license fee payable under this section has otherwise
33 been incurred. The ((board)) office must establish rules setting forth
34 the timing of such payments and reporting of sales dollar volume by the
35 licensee, with payments required quarterly in arrears. The first
36 payment is due October 1, 2012.

37 (5) In addition to the payment required under subsection (4) of
38 this section, each licensee must pay an annual license renewal fee of

1 one hundred sixty-six dollars. The ((board)) office must periodically
2 review and adjust the renewal fee as may be required to maintain it as
3 comparable to annual license renewal fees for licenses to sell beer and
4 wine not for consumption on the licensed premises. If required by law
5 at the time, any increase of the annual renewal fee becomes effective
6 only upon ratification by the legislature.

7 (6) As a condition to receiving and renewing a retail spirits
8 license the licensee must provide training as prescribed by the
9 ((board)) office by rule for individuals who sell spirits or who manage
10 others who sell spirits regarding compliance with laws and regulations
11 regarding sale of spirits, including without limitation the
12 prohibitions against sale of spirits to individuals who are underage or
13 visibly intoxicated. The training must be provided before the
14 individual first engages in the sale of spirits and must be renewed at
15 least every five years. The licensee must maintain records documenting
16 the nature and frequency of the training provided. An employee
17 training program is presumptively sufficient if it incorporates a
18 "responsible vendor program" promulgated by the ((board)) office.

19 (7) The maximum penalties prescribed by the ((board)) office in WAC
20 314-29-020 through 314-29-040 relating to fines and suspensions are
21 doubled for violations relating to the sale of spirits by retail
22 spirits licensees.

23 (8)(a) The ((board)) office must promulgate regulations concerning
24 the adoption and administration of a compliance training program for
25 spirits retail licensees, to be known as a "responsible vendor
26 program," to reduce underage drinking, encourage licensees to adopt
27 specific best practices to prevent sales to minors, and provide
28 licensees with an incentive to give their employees on-going training
29 in responsible alcohol sales and service.

30 (b) Licensees who join the responsible vendor program under this
31 section and maintain all of the program's requirements are not subject
32 to the doubling of penalties provided in this section for a single
33 violation in any period of twelve calendar months.

34 (c) The responsible vendor program must be free, voluntary, and
35 self-monitoring.

36 (d) To participate in the responsible vendor program, licensees
37 must submit an application form to the ((board)) office. If the

1 application establishes that the licensee meets the qualifications to
2 join the program, the ((board)) office must send the licensee a
3 membership certificate.

4 (e) A licensee participating in the responsible vendor program must
5 at a minimum:

6 (i) Provide on-going training to employees;

7 (ii) Accept only certain forms of identification for alcohol sales;

8 (iii) Adopt policies on alcohol sales and checking identification;

9 (iv) Post specific signs in the business; and

10 (v) Keep records verifying compliance with the program's
11 requirements.

12 **Sec. 109.** RCW 66.28.030 and 2012 c 2 (Initiative Measure No. 1183)
13 s 113 are each amended to read as follows:

14 Every domestic distillery, brewery, and microbrewery, domestic
15 winery, certificate of approval holder, licensed liquor importer,
16 licensed wine importer, and licensed beer importer is responsible for
17 the conduct of any licensed spirits, beer, or wine distributor in
18 selling, or contracting to sell, to retail licensees, spirits, beer, or
19 wine manufactured by such domestic distillery, brewery, microbrewery,
20 domestic winery, manufacturer holding a certificate of approval, sold
21 by an authorized representative holding a certificate of approval, or
22 imported by such liquor, beer, or wine importer. Where the ((board))
23 office finds that any licensed spirits, beer, or wine distributor has
24 violated any of the provisions of this title or of the regulations of
25 the ((board)) office in selling or contracting to sell spirits, beer,
26 or wine to retail licensees, the ((board)) office may, in addition to
27 any punishment inflicted or imposed upon such distributor, prohibit the
28 sale of the brand or brands of spirits, beer, or wine involved in such
29 violation to any or all retail licensees within the trade territory
30 usually served by such distributor for such period of time as the
31 ((board)) office may fix, irrespective of whether the distiller
32 manufacturing such spirits or the liquor importer importing such
33 spirits, brewer manufacturing such beer or the beer importer importing
34 such beer, or the domestic winery manufacturing such wine or the wine
35 importer importing such wine or the certificate of approval holder
36 manufacturing such spirits, beer, or wine or acting as authorized
37 representative actually participated in such violation.

1 **Sec. 110.** RCW 66.28.040 and 2012 c 2 (Initiative Measure No. 1183)
2 s 116 are each amended to read as follows:

3 Except as permitted by the (~~board~~) office under RCW 66.20.010, no
4 domestic brewery, microbrewery, distributor, distiller, domestic
5 winery, importer, rectifier, certificate of approval holder, or other
6 manufacturer of liquor may, within the state of Washington, give to any
7 person any liquor; but nothing in this section nor in RCW 66.28.305
8 prevents a domestic brewery, microbrewery, distributor, domestic
9 winery, distiller, certificate of approval holder, or importer from
10 furnishing samples of beer, wine, or spirituous liquor to authorized
11 licensees for the purpose of negotiating a sale, in accordance with
12 regulations adopted by the (~~liquor control board~~) office, provided
13 that the samples are subject to taxes imposed by RCW 66.24.290 and
14 66.24.210; nothing in this section prevents a domestic brewery,
15 microbrewery, domestic winery, distillery, certificate of approval
16 holder, or distributor from furnishing beer, wine, or spirituous liquor
17 for instructional purposes under RCW 66.28.150; nothing in this section
18 prevents a domestic winery, certificate of approval holder, or
19 distributor from furnishing wine without charge, subject to the taxes
20 imposed by RCW 66.24.210, to a not-for-profit group organized and
21 operated solely for the purpose of enology or the study of viticulture
22 which has been in existence for at least six months and that uses wine
23 so furnished solely for such educational purposes or a domestic winery,
24 or an out-of-state certificate of approval holder, from furnishing wine
25 without charge or a domestic brewery, or an out-of-state certificate of
26 approval holder, from furnishing beer without charge, subject to the
27 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
28 licensed under RCW 66.24.140 or an accredited representative of a
29 distiller, manufacturer, importer, or distributor of spirituous liquor
30 licensed under RCW 66.24.310, from furnishing spirits without charge,
31 to a nonprofit charitable corporation or association exempt from
32 taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue
33 code of 1986 for use consistent with the purpose or purposes entitling
34 it to such exemption; nothing in this section prevents a domestic
35 brewery or microbrewery from serving beer without charge, on the
36 brewery premises; nothing in this section prevents donations of wine
37 for the purposes of RCW 66.12.180; nothing in this section prevents a
38 domestic winery from serving wine without charge, on the winery

1 premises; nothing in this section prevents a craft distillery from
2 serving spirits without charge, on the distillery premises subject to
3 RCW 66.24.145; nothing in this section prohibits spirits sampling under
4 chapter 186, Laws of 2011; and nothing in this section prevents a
5 winery or microbrewery from serving samples at a farmers market under
6 section 1, chapter 62, Laws of 2011.

7 **Sec. 111.** RCW 66.28.042 and 2011 c 119 s 208 are each amended to
8 read as follows:

9 A liquor manufacturer, importer, authorized representative holding
10 a certificate of approval, or distributor may provide to licensed
11 retailers and their employees food and beverages for consumption at a
12 meeting at which the primary purpose is the discussion of business, and
13 may provide local ground transportation to and from such meetings. The
14 value of the food, beverage, or transportation provided under this
15 section shall not be considered the advancement of moneys or moneys'
16 worth within the meaning of RCW 66.28.305, nor shall it be considered
17 the giving away of liquor within the meaning of RCW 66.28.040. The
18 (~~board~~) office may adopt rules for the implementation of this
19 section.

20 **Sec. 112.** RCW 66.28.043 and 2011 c 119 s 209 are each amended to
21 read as follows:

22 A liquor manufacturer, importer, authorized representative holding
23 a certificate of approval, or distributor may provide to licensed
24 retailers and their employees tickets or admission fees for athletic
25 events or other forms of entertainment occurring within the state of
26 Washington, if the manufacturer, importer, distributor, authorized
27 representative holding a certificate of approval, or any of their
28 employees accompanies the licensed retailer or its employees to the
29 event. A liquor manufacturer, importer, authorized representative
30 holding a certificate of approval, or distributor may also provide to
31 licensed retailers and their employees food and beverages for
32 consumption at such events, and local ground transportation to and from
33 activities allowed under this section. The value of the food,
34 beverage, transportation, or admission to events provided under this
35 section shall not be considered the advancement of moneys or moneys'
36 worth within the meaning of RCW 66.28.305, nor shall it be considered

1 the giving away of liquor within the meaning of RCW 66.28.040. The
2 ((board)) office may adopt rules for the implementation of this
3 section.

4 **Sec. 113.** RCW 66.28.060 and 2012 c 2 (Initiative Measure No. 1183)
5 s 117 are each amended to read as follows:

6 Every distillery licensed under this title must make monthly
7 reports to the ((board)) office pursuant to the regulations.

8 **Sec. 114.** RCW 66.28.070 and 2012 c 2 (Initiative Measure No. 1183)
9 s 118 are each amended to read as follows:

10 (1) Except as provided in subsection (2) of this section, it is
11 unlawful for any retail spirits, beer, or wine licensee to purchase
12 spirits, beer, or wine, except from a duly licensed distributor,
13 domestic winery, domestic brewer, or certificate of approval holder
14 with a direct shipment endorsement.

15 (2)(a) A spirits, beer, or wine retailer may purchase spirits,
16 beer, or wine:

17 (i) From a government agency that has lawfully seized liquor
18 possessed by a licensed distributor or retailer;

19 (ii) From ((a—board)) an office-authorized manufacturer or
20 certificate holder authorized by this title to act as a distributor of
21 liquor;

22 (iii) From a licensed retailer which has discontinued business if
23 the distributor has refused to accept spirits, beer, or wine from that
24 retailer for return and refund;

25 (iv) From a retailer whose license or license endorsement permits
26 resale to a retailer of wine and/or spirits for consumption on the
27 premises, if the purchasing retailer is authorized to sell such wine
28 and/or spirits.

29 (b) Goods purchased under this subsection (2) must meet the quality
30 standards set by the manufacturer of the goods.

31 (3) Special occasion licensees holding a special occasion license
32 may only purchase spirits, beer, or wine from a spirits, beer, or wine
33 retailer duly licensed to sell spirits, beer, or wine for off-premises
34 consumption, or from a duly licensed spirits, beer, or wine
35 distributor.

1 **Sec. 115.** RCW 66.28.110 and 2009 c 404 s 1 are each amended to
2 read as follows:

3 (1) Every person producing, manufacturing, bottling, or
4 distributing wine shall put upon all packages a distinctive label that
5 will provide the consumer with adequate information as to the identity
6 and quality of the product, the alcoholic content thereof, the net
7 contents of the package, the name of the producer, manufacturer, or
8 bottler thereof, and such other information as the ((board)) office may
9 by rule prescribe.

10 (2) Subject to subsection (3) of this section:

11 (a) If the appellation of origin claimed or implied anywhere on a
12 wine label is "Washington," then at least ninety-five percent of the
13 grapes used in the production of the wine must have been grown in
14 Washington.

15 (b) If the appellation of origin claimed or implied anywhere on a
16 wine label is "Washington" and the name of an American viticultural
17 area located wholly within Washington, then at least ninety-five
18 percent of the grapes used in the production of the wine must have been
19 grown in Washington.

20 (c) If the appellation of origin claimed or implied anywhere on a
21 wine label is "Washington" and the name of an American viticultural
22 area located within both Washington and an adjoining state, then at
23 least ninety-five percent of the grapes used in the production of the
24 wine must have been grown within the defined boundaries of that
25 American viticultural area or in Washington.

26 (3) Upon evidence of material damage, destruction, disease, or
27 other loss to one or more vineyards in any American viticultural area,
28 region, subregion, or other discrete area, the director of the
29 department of agriculture must notify the ((board)) office and the
30 ((board)) office may suspend the requirements of subsection (2) of this
31 section with respect to the adversely affected area for such period of
32 time as the ((board)) office reasonably may determine.

33 (4) For purposes of this section, "American viticultural area" is
34 a delimited grape growing region distinguishable by geographical
35 features, the boundaries of which have been recognized and defined by
36 the federal alcohol and trade tax bureau and recognized by the
37 ((board)) office.

1 (5) This section does not apply to wines that are produced with the
2 addition of wine spirits, brandy, or alcohol.

3 **Sec. 116.** RCW 66.28.--- and 2012 c 2 (Initiative Measure No. 1183)
4 s 120 are each amended to read as follows:

5 (1) No price for spirits sold in the state by a distributor or
6 other licensee acting as a distributor pursuant to this title may be
7 below acquisition cost unless the item sold below acquisition cost has
8 been stocked by the seller for a period of at least six months. The
9 seller may not restock the item for a period of one year following the
10 first effective date of such below cost price.

11 (2) Spirits sold to retailers for resale for consumption on or off
12 the licensed premises may be delivered to the retailer's licensed
13 premises, to a location specified by the retailer and approved for
14 deliveries by the ((board)) office, or to a carrier engaged by either
15 party to the transaction.

16 (3) In selling spirits to another retailer, to the extent
17 consistent with the purposes of chapter 2, Laws of 2012, a spirits
18 retail licensee must comply with all provisions of and regulations
19 under this title applicable to wholesale distributors selling spirits
20 to retailers.

21 (4) A distiller holding a license or certificate of compliance as
22 a distiller under this title may act as distributor in the state of
23 spirits of its own production or of foreign-produced spirits it is
24 entitled to import. The distiller must, to the extent consistent with
25 the purposes of chapter 2, Laws of 2012, comply with all provisions of
26 and regulations under this title applicable to wholesale distributors
27 selling spirits to retailers.

28 (5) With respect to any alleged violation of this title by sale of
29 spirits at a discounted price, all defenses under applicable trade
30 regulation laws are available, including without limitation good faith
31 meeting of a competitor's lawful price and absence of harm to
32 competition.

33 (6) Notwithstanding any other provision of law, no licensee may
34 import, purchase, distribute, or accept delivery of any wine that is
35 produced outside of the United States or any distilled spirits without
36 the written consent of the brand owner or its authorized agent.

1 **Sec. 117.** RCW 66.28.180 and 2012 c 2 (Initiative Measure No. 1183)
2 s 121 are each amended to read as follows:

3 (1) Beer and/or wine distributors.

4 (a) Every beer distributor must maintain at its liquor-licensed
5 location a price list showing the wholesale prices at which any and all
6 brands of beer sold by the distributor are sold to retailers within the
7 state.

8 (b) Each price list must set forth:

9 (i) All brands, types, packages, and containers of beer offered for
10 sale by the distributor; and

11 (ii) The wholesale prices thereof to retail licensees, including
12 allowances, if any, for returned empty containers.

13 (c) No beer distributor may sell or offer to sell any package or
14 container of beer to any retail licensee at a price differing from the
15 price for such package or container as shown in the price list,
16 according to rules adopted by the ((board)) office.

17 (d) Quantity discounts of sales prices of beer are prohibited. No
18 distributor's sale price of beer may be below the distributor's
19 acquisition cost.

20 (e) Distributor prices below acquisition cost on a "close-out" item
21 are allowed if the item to be discontinued has been listed for a period
22 of at least six months, and upon the further condition that the
23 distributor who offers such a close-out price may not restock the item
24 for a period of one year following the first effective date of such
25 close-out price.

26 (f) Any beer distributor may sell beer at the distributor's listed
27 prices to any annual or special occasion retail licensee upon
28 presentation to the distributor at the time of purchase or delivery of
29 an original or facsimile license or a special permit issued by the
30 ((board)) office to such licensee.

31 (g) Every annual or special occasion retail licensee, upon
32 purchasing any beer from a distributor, must immediately cause such
33 beer to be delivered to the licensed premises, and the licensee may not
34 thereafter permit such beer to be disposed of in any manner except as
35 authorized by the license.

36 (h) Beer sold as provided in this section must be delivered by the
37 distributor or an authorized employee either to the retailer's licensed
38 premises or directly to the retailer at the distributor's licensed

1 premises. When a brewery, microbrewery, or certificate of approval
2 holder with a direct shipping endorsement is acting as a distributor of
3 beer of its own production, a licensed retailer may contract with a
4 common carrier to obtain the beer directly from the brewery,
5 microbrewery, or certificate of approval holder with a direct shipping
6 endorsement. A distributor's prices to retail licensees for beer must
7 be the same at both such places of delivery. Wine sold to retailers
8 must be delivered to the retailer's licensed premises, to a location
9 specified by the retailer and approved for deliveries by the ((board))
10 office, or to a carrier engaged by either party to the transaction.

11 (2) Beer suppliers' contracts and memoranda.

12 (a) Every domestic brewery, microbrewery, certificate of approval
13 holder, and beer and/or wine importer offering beer for sale to
14 distributors within the state and any beer distributor who sells to
15 other beer distributors must maintain at its liquor-licensed location
16 a beer price list and a copy of every written contract and a memorandum
17 of every oral agreement which such brewery may have with any beer
18 distributor for the supply of beer, which contracts or memoranda must
19 contain:

20 (i) All advertising, sales and trade allowances, and incentive
21 programs; and

22 (ii) All commissions, bonuses or gifts, and any and all other
23 discounts or allowances.

24 (b) Whenever changed or modified, such revised contracts or
25 memoranda must also be maintained at its liquor licensed location.

26 (c) Each price list must set forth all brands, types, packages, and
27 containers of beer offered for sale by such supplier.

28 (d) Prices of a domestic brewery, microbrewery, or certificate of
29 approval holder for beer must be uniform prices to all distributors or
30 retailers on a statewide basis less bona fide allowances for freight
31 differentials. Quantity discounts of suppliers' prices for beer are
32 prohibited. No price may be below the supplier's acquisition or
33 production cost.

34 (e) A domestic brewery, microbrewery, certificate of approval
35 holder, importer, or distributor acting as a supplier to another
36 distributor must file with the ((board)) office a list of all
37 distributor licensees of the ((board)) office to which it sells or
38 offers to sell beer.

1 (f) No domestic brewery, microbrewery, or certificate of approval
2 holder may sell or offer to sell any package or container of beer to
3 any distributor at a price differing from the price list for such
4 package or container as shown in the price list of the domestic
5 brewery, microbrewery, or certificate of approval holder and then in
6 effect, according to rules adopted by the ((board)) office.

7 (3) In selling wine to another retailer, to the extent consistent
8 with the purposes of chapter 2, Laws of 2012, a grocery store licensee
9 with a reseller endorsement must comply with all provisions of and
10 regulations under this title applicable to wholesale distributors
11 selling wine to retailers.

12 (4) With respect to any alleged violation of this title by sale of
13 wine at a discounted price, all defenses under applicable trade
14 regulation laws are available including, without limitation, good faith
15 meeting of a competitor's lawful price and absence of harm to
16 competition.

17 **Sec. 118.** RCW 66.28.--- and 2012 c 2 (Initiative Measure No. 1183)
18 s 123 are each amended to read as follows:

19 A retailer authorized to sell wine may accept delivery of wine at
20 its licensed premises or at one or more warehouse facilities registered
21 with the ((board)) office, which facilities may also warehouse and
22 distribute nonliquor items, and from which it may deliver to its own
23 licensed premises and, pursuant to sales permitted by this title, to
24 other licensed retailers, to other registered facilities, or to lawful
25 purchasers outside the state; such facilities may be registered and
26 utilized by associations, cooperatives, or comparable groups of
27 retailers including at least one retailer licensed to sell wine. A
28 restaurant retailer authorized to sell spirits may accept delivery of
29 spirits at its licensed premises or at one or more warehouse facilities
30 registered with the ((board)) office, which facilities may also
31 warehouse and distribute nonliquor items, from which it may deliver to
32 its own licensed premises and, pursuant to sales permitted by this
33 title, to other licensed retailers, to other registered facilities, or
34 to lawful purchasers outside the state; such facilities may be
35 registered and utilized by associations, cooperatives, or comparable
36 groups of retailers including at least one restaurant retailer licensed

1 to sell spirits. Nothing in this section authorizes sales of spirits
2 or wine by a retailer holding only an on-sale privilege to another
3 retailer.

4 **Sec. 119.** RCW 66.28.200 and 2009 c 373 s 7 are each amended to
5 read as follows:

6 (1) Licensees holding a beer and/or wine restaurant or a tavern
7 license in combination with an off-premises beer and wine retailer's
8 license, licensees holding a spirits, beer, and wine restaurant license
9 with an endorsement issued under RCW 66.24.400(4), and licensees
10 holding a beer and/or wine specialty shop license with an endorsement
11 issued under RCW 66.24.371(1) may sell malt liquor in kegs or other
12 containers capable of holding four gallons or more of liquid. Under a
13 special endorsement from the (~~board~~) office, a grocery store licensee
14 may sell malt liquor in containers no larger than five and one-half
15 gallons. The sale of any container holding four gallons or more must
16 comply with the provisions of this section and RCW 66.28.210 through
17 66.28.240.

18 (2) Any person who sells or offers for sale the contents of kegs or
19 other containers containing four gallons or more of malt liquor, or
20 leases kegs or other containers that will hold four gallons of malt
21 liquor, to consumers who are not licensed under chapter 66.24 RCW shall
22 do the following for any transaction involving the container:

23 (a) Require the purchaser of the malt liquor to sign a declaration
24 and receipt for the keg or other container or beverage in substantially
25 the form provided in RCW 66.28.220;

26 (b) Require the purchaser to provide one piece of identification
27 (~~pursuant to RCW 66.16.040~~);

28 (c) Require the purchaser to sign a sworn statement, under penalty
29 of perjury, that:

30 (i) The purchaser is of legal age to purchase, possess, or use malt
31 liquor;

32 (ii) The purchaser will not allow any person under the age of
33 twenty-one years to consume the beverage except as provided by RCW
34 66.44.270;

35 (iii) The purchaser will not remove, obliterate, or allow to be
36 removed or obliterated, the identification required under RCW 66.28.220
37 to be affixed to the container;

1 (d) Require the purchaser to state the particular address where the
2 malt liquor will be consumed, or the particular address where the keg
3 or other container will be physically located; and

4 (e) Require the purchaser to maintain a copy of the declaration and
5 receipt next to or adjacent to the keg or other container, in no event
6 a distance greater than five feet, and visible without a physical
7 barrier from the keg, during the time that the keg or other container
8 is in the purchaser's possession or control.

9 (3) A violation of this section is a gross misdemeanor.

10 **Sec. 120.** RCW 66.28.210 and 2003 c 53 s 297 are each amended to
11 read as follows:

12 (1) Any person who purchases the contents of kegs or other
13 containers containing four gallons or more of malt liquor, or purchases
14 or leases the container shall:

15 (a) Sign a declaration and receipt for the keg or other container
16 or beverage in substantially the form provided in RCW 66.28.220;

17 (b) Provide one piece of identification (~~pursuant to RCW~~
18 ~~66.16.040~~));

19 (c) Be of legal age to purchase, possess, or use malt liquor;

20 (d) Not allow any person under the age of twenty-one to consume the
21 beverage except as provided by RCW 66.44.270;

22 (e) Not remove, obliterate, or allow to be removed or obliterated,
23 the identification required under rules adopted by the (~~board~~)
24 office;

25 (f) Not move, keep, or store the keg or its contents, except for
26 transporting to and from the distributor, at any place other than that
27 particular address declared on the receipt and declaration; and

28 (g) Maintain a copy of the declaration and receipt next to or
29 adjacent to the keg or other container, in no event a distance greater
30 than five feet, and visible without a physical barrier from the keg,
31 during the time that the keg or other container is in the purchaser's
32 possession or control.

33 (2) A violation of this section is a gross misdemeanor.

34 **Sec. 121.** RCW 66.28.220 and 2007 c 53 s 3 are each amended to read
35 as follows:

36 (1) The (~~board~~) office shall adopt rules requiring retail

1 licensees to affix appropriate identification on all containers of four
2 gallons or more of malt liquor for the purpose of tracing the
3 purchasers of such containers. The rules may provide for
4 identification to be done on a statewide basis or on the basis of
5 smaller geographical areas.

6 (2) The (~~board~~) office shall develop and make available forms for
7 the declaration and receipt required by RCW 66.28.200. The (~~board~~)
8 office may charge spirits, beer, and wine restaurant licensees with an
9 endorsement issued under RCW 66.24.400(4) and grocery store licensees
10 for the costs of providing the forms and that money collected for the
11 forms shall be deposited into the liquor revolving fund for use by the
12 (~~board~~) office, without further appropriation, to continue to
13 administer the cost of the keg registration program.

14 (3) It is unlawful for any person to sell or offer for sale kegs or
15 other containers containing four gallons or more of malt liquor to
16 consumers who are not licensed under chapter 66.24 RCW if the kegs or
17 containers are not identified in compliance with rules adopted by the
18 (~~board~~) office.

19 (4) A violation of this section is a gross misdemeanor.

20 **Sec. 122.** RCW 66.28.260 and 2003 c 154 s 3 are each amended to
21 read as follows:

22 Licensed beer distributors may not buy or sell beer, for purposes
23 of distribution, at farmers market locations authorized by the
24 (~~board~~) office pursuant to chapter 154, Laws of 2003.

25 **Sec. 123.** RCW 66.28.270 and 2009 c 373 s 11 are each amended to
26 read as follows:

27 Nothing in this chapter prohibits the use of checks, credit or
28 debit cards, prepaid accounts, electronic funds transfers, and other
29 similar methods as approved by the (~~board~~) office, as cash payments
30 for purposes of this title. Electronic (~~funds~~) funds transfers
31 must be: (1) Voluntary; (2) conducted pursuant to a prior written
32 agreement of the parties that includes a provision that the purchase be
33 initiated by an irrevocable invoice or sale order before the time of
34 delivery; (3) initiated by the retailer, manufacturer, importer, or
35 distributor no later than the first business day following delivery;

1 and (4) completed as promptly as is reasonably practical, and in no
2 event((7)) later than five business days following delivery.

3 **Sec. 124.** RCW 66.28.285 and 2009 c 506 s 2 are each amended to
4 read as follows:

5 The definitions in this section apply throughout RCW 66.28.280
6 through 66.28.315 unless the context clearly requires otherwise.

7 (1) "Adverse impact on public health and safety" means that an
8 existing or proposed practice or occurrence has resulted or is more
9 likely than not to result in alcohol being made significantly more
10 attractive or available to minors than would otherwise be the case or
11 has resulted or is more likely than not to result in overconsumption,
12 consumption by minors, or other harmful or abusive forms of
13 consumption.

14 (2) "Affiliate" means any one of two or more persons if one of
15 those persons has actual or legal control, directly or indirectly,
16 whether by stock ownership or otherwise, of the other person or persons
17 and any one of two or more persons subject to common control, actual or
18 legal, directly or indirectly, whether by stock ownership or otherwise.

19 (3) "Industry member" means a licensed manufacturer, producer,
20 supplier, importer, wholesaler, distributor, authorized representative,
21 certificate of approval holder, warehouse, and any affiliates,
22 subsidiaries, officers, directors, partners, agents, employees, and
23 representatives of any industry member. "Industry member" does not
24 include the ((board)) office or any of the ((board's)) office's
25 employees.

26 (4) "Person" means any individual, partnership, joint stock
27 company, business trust, association, corporation, or other form of
28 business enterprise, including a receiver, trustee, or liquidating
29 agent and includes any officer or employee of a retailer or industry
30 member.

31 (5) "Retailer" means the holder of a license issued by the
32 ((board)) office to allow for the sale of alcoholic beverages to
33 consumers for consumption on or off premises and any of the retailer's
34 agents, officers, directors, shareholders, partners, or employees.
35 "Retailer" does not include the ((board)) office or any of the
36 ((board's)) office's employees.

1 (6) "Undue influence" means one retailer or industry member
2 directly or indirectly influencing the purchasing, marketing, or sales
3 decisions of another retailer or industry member by any agreement
4 written or unwritten or any other business practices or arrangements
5 such as but not limited to the following:

6 (a) Any form of coercion between industry members and retailers or
7 between retailers and industry members through acts or threats of
8 physical or economic harm, including threat of loss of supply or threat
9 of curtailment of purchase;

10 (b) A retailer on an involuntary basis purchasing less than it
11 would have of another industry member's product;

12 (c) Purchases made by a retailer or industry member as a
13 prerequisite for purchase of other items;

14 (d) A retailer purchasing a specific or minimum quantity or type of
15 a product or products from an industry member;

16 (e) An industry member requiring a retailer to take and dispose of
17 a certain product type or quota of the industry member's products;

18 (f) A retailer having a continuing obligation to purchase or
19 otherwise promote or display an industry member's product;

20 (g) An industry member having a continuing obligation to sell a
21 product to a retailer;

22 (h) A retailer having a commitment not to terminate its
23 relationship with an industry member with respect to purchase of the
24 industry member's products or an industry member having a commitment
25 not to terminate its relationship with a retailer with respect to the
26 sale of a particular product or products;

27 (i) An industry member being involved in the day-to-day operations
28 of a retailer or a retailer being involved in the day-to-day operations
29 of an industry member in a manner that violates the provisions of this
30 section;

31 (j) Discriminatory pricing practices as prohibited by law or other
32 practices that are discriminatory in that product is not offered to all
33 retailers in the local market on the same terms.

34 **Sec. 125.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read
35 as follows:

36 Nothing in RCW 66.28.290 shall prohibit:

1 (1) A licensed domestic brewery or microbrewery from being licensed
2 as a retailer pursuant to chapter 66.24 RCW for the purpose of selling
3 beer or wine at retail on the brewery premises and at one additional
4 off-site retail only location.

5 (2) A domestic winery from being licensed as a retailer pursuant to
6 chapter 66.24 RCW for the purpose of selling beer or wine at retail on
7 the winery premises. Such beer and wine so sold at retail shall be
8 subject to the taxes imposed by RCW 66.24.290 and 66.24.210 and to
9 reporting and bonding requirements as prescribed by regulations adopted
10 by the ((board)) office pursuant to chapter 34.05 RCW, and beer and
11 wine that is not produced by the brewery or winery shall be purchased
12 from a licensed beer or wine distributor.

13 (3) A microbrewery holding a beer and/or wine restaurant license
14 under RCW 66.24.320 from holding the same privileges and endorsements
15 attached to the beer and/or wine restaurant license.

16 (4) A licensed craft distillery from selling spirits of its own
17 production under RCW 66.24.145.

18 (5) A licensed distiller, domestic brewery, microbrewery, domestic
19 winery, or a lessee of a licensed domestic brewer, microbrewery, or
20 domestic winery, from being licensed as a spirits, beer, and wine
21 restaurant pursuant to chapter 66.24 RCW for the purpose of selling
22 liquor at a spirits, beer, and wine restaurant premises on the property
23 on which the primary manufacturing facility of the licensed distiller,
24 domestic brewer, microbrewery, or domestic winery is located or on
25 contiguous property owned or leased by the licensed distiller, domestic
26 brewer, microbrewery, or domestic winery as prescribed by rules adopted
27 by the ((board)) office pursuant to chapter 34.05 RCW.

28 (6) A microbrewery holding a spirits, beer, and wine restaurant
29 license under RCW 66.24.420 from holding the same privileges and
30 endorsements attached to the spirits, beer, and wine restaurant
31 license.

32 (7) A brewery or microbrewery holding a spirits, beer, and wine
33 restaurant license or a beer and/or wine license under chapter 66.24
34 RCW operated on the premises of the brewery or microbrewery from
35 holding a second retail only license at a location separate from the
36 premises of the brewery or microbrewery.

37 (8) Retail licensees with a caterer's endorsement issued under RCW
38 66.24.320 or 66.24.420 from operating on a domestic winery premises.

1 (9) An organization qualifying under RCW 66.24.375 formed for the
2 purpose of constructing and operating a facility to promote Washington
3 wines from holding retail licenses on the facility property or leasing
4 all or any portion of such facility property to a retail licensee on
5 the facility property if the members of the board of directors or
6 officers of the board for the organization include officers, directors,
7 owners, or employees of a licensed domestic winery. Financing for the
8 construction of the facility must include both public and private
9 money.

10 (10) A bona fide charitable nonprofit society or association
11 registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal
12 revenue code, or a local wine industry association registered under
13 Title 26 U.S.C. Sec. 501(c)(6) of the federal internal revenue code as
14 it existed on July 22, 2007, and having an officer, director, owner, or
15 employee of a licensed domestic winery or a wine certificate of
16 approval holder on its board of directors from holding a special
17 occasion license under RCW 66.24.380.

18 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or
19 66.24.244 from exercising the privileges of distributing and selling at
20 retail such person's own production or from exercising any other right
21 or privilege that attaches to such license.

22 (12) A person holding a certificate of approval pursuant to RCW
23 66.24.206 from obtaining an endorsement to act as a distributor of
24 their own product or from shipping their own product directly to
25 consumers as authorized by RCW 66.20.360.

26 (13) A person holding a wine shipper's permit pursuant to RCW
27 66.20.375 from shipping their own product directly to consumers.

28 (14) A person holding a certificate of approval pursuant to RCW
29 66.24.270(2) from obtaining an endorsement to act as a distributor of
30 their own product.

31 (15) A domestic winery and a restaurant licensed under RCW
32 66.24.320 or 66.24.400 from entering an arrangement to waive a corkage
33 fee.

34 **Sec. 126.** RCW 66.28.300 and 2009 c 506 s 5 are each amended to
35 read as follows:

36 Any industry member or retailer or any other person seeking a
37 determination by the ((board)) office as to whether a proposed or

1 existing financial interest has resulted or is more likely than not to
2 result in undue influence or has resulted or is more likely than not to
3 result in an adverse impact on public health and safety may file a
4 complaint or request for determination with the ((board)) office. Upon
5 receipt of a request or complaint the ((board)) office may conduct such
6 investigation as it deems appropriate in the circumstances. If the
7 investigation reveals the financial interest has resulted or is more
8 likely than not to result in undue influence or has resulted or is more
9 likely than not to result in an adverse impact on public health and
10 safety the ((board)) office may issue an administrative violation
11 notice or a notice of intent to deny the license to the industry
12 member, to the retailer, or both. If the financial interest was
13 acquired through a transaction that has already been consummated when
14 the ((board)) office issues its administrative violation notice, the
15 ((board)) office shall have the authority to require that the
16 transaction be rescinded or otherwise undone. The recipient of the
17 administrative notice of violation or notice of intent to deny the
18 license may request a hearing under chapter 34.05 RCW.

19 **Sec. 127.** RCW 66.28.310 and 2011 c 119 s 101 and 2011 c 66 s 3 are
20 each reenacted and amended to read as follows:

21 (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from
22 providing retailers branded promotional items which are of nominal
23 value, singly or in the aggregate. Such items include but are not
24 limited to: Trays, lighters, blotters, postcards, pencils, coasters,
25 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or can
26 openers, corkscrews, matches, printed recipes, shirts, hats, visors,
27 and other similar items. Branded promotional items:

28 (i) Must be used exclusively by the retailer or its employees in a
29 manner consistent with its license;

30 (ii) Must bear imprinted advertising matter of the industry member
31 only, except imprinted advertising matter of the industry member can
32 include the logo of a professional sports team which the industry
33 member is licensed to use;

34 (iii) May be provided by industry members only to retailers and
35 their employees and may not be provided by or through retailers or
36 their employees to retail customers; and

37 (iv) May not be targeted to or appeal principally to youth.

1 (b) An industry member is not obligated to provide any such branded
2 promotional items, and a retailer may not require an industry member to
3 provide such branded promotional items as a condition for selling any
4 alcohol to the retailer.

5 (c) Any industry member or retailer or any other person asserting
6 that the provision of branded promotional items as allowed in (a) of
7 this subsection has resulted or is more likely than not to result in
8 undue influence or an adverse impact on public health and safety, or is
9 otherwise inconsistent with the criteria in (a) of this subsection may
10 file a complaint with the ((board)) office. Upon receipt of a
11 complaint the ((board)) office may conduct such investigation as it
12 deems appropriate in the circumstances. If the investigation reveals
13 the provision of branded promotional items has resulted in or is more
14 likely than not to result in undue influence or has resulted or is more
15 likely than not to result in an adverse impact on public health and
16 safety or is otherwise inconsistent with (a) of this subsection the
17 ((board)) office may issue an administrative violation notice to the
18 industry member, to the retailer, or both. The recipient of the
19 administrative violation notice may request a hearing under chapter
20 34.05 RCW.

21 (2) Nothing in RCW 66.28.305 prohibits:

22 (a) An industry member from providing to a special occasion
23 licensee and a special occasion licensee from receiving services for:

24 (i) Installation of draft beer dispensing equipment or advertising;

25 (ii) Advertising, pouring, or dispensing of beer or wine at a beer
26 or wine tasting exhibition or judging event; or

27 (iii) Pouring or dispensing of spirits by a licensed domestic
28 distiller or the accredited representative of a distiller,
29 manufacturer, importer, or distributor of spirituous liquor licensed
30 under RCW 66.24.310; or

31 (b) Special occasion licensees from paying for beer or wine
32 immediately following the end of the special occasion event; or

33 (c) Wineries or breweries that are participating in a special
34 occasion event from paying reasonable booth fees to the special
35 occasion licensee.

36 (3) Nothing in RCW 66.28.305 prohibits industry members from
37 performing, and retailers from accepting the service of building,
38 rotating, and restocking displays and stockroom inventories; rotating

1 and rearranging can and bottle displays of their own products;
2 providing point of sale material and brand signs; pricing case goods of
3 their own brands; and performing such similar business services
4 consistent with (~~board~~) office rules, or personal services as
5 described in subsection (5) of this section.

6 (4) Nothing in RCW 66.28.305 prohibits:

7 (a) Industry members from listing on their internet web sites
8 information related to retailers who sell or promote their products,
9 including direct links to the retailers' internet web sites; and

10 (b) Retailers from listing on their internet web sites information
11 related to industry members whose products those retailers sell or
12 promote, including direct links to the industry members' web sites; or

13 (c) Industry members and retailers from producing, jointly or
14 together with regional, state, or local industry associations,
15 brochures and materials promoting tourism in Washington state which
16 contain information regarding retail licensees, industry members, and
17 their products.

18 (5) Nothing in RCW 66.28.305 prohibits the performance of personal
19 services offered from time to time by a domestic winery or certificate
20 of approval holder to retailers when the personal services are (a)
21 conducted at a licensed premises, and (b) intended to inform, educate,
22 or enhance customers' knowledge or experience of the manufacturer's
23 products. The performance of personal services may include
24 participation and pouring, bottle signing events, and other similar
25 informational or educational activities at the premises of a retailer
26 holding a spirits, beer, and wine restaurant license, a wine and/or
27 beer restaurant license, a specialty wine shop license, a special
28 occasion license, a grocery store license with a tasting endorsement,
29 or a private club license. A domestic winery or certificate of
30 approval holder is not obligated to perform any such personal services,
31 and a retail licensee may not require a domestic winery or certificate
32 of approval holder to conduct any personal service as a condition for
33 selling any alcohol to the retail licensee, or as a condition for
34 including any product of the domestic winery or certificate of approval
35 holder in any tasting conducted by the licensee. Except as provided in
36 RCW 66.28.150, the cost of sampling may not be borne, directly or
37 indirectly, by any domestic winery or certificate of approval holder or
38 any distributor. Nothing in this section prohibits wineries,

1 certificate of approval holders, and retail licensees from identifying
2 the producers on private labels authorized under RCW 66.24.400,
3 66.24.425, and 66.24.450.

4 (6) Nothing in RCW 66.28.305 prohibits an industry member from
5 entering into an arrangement with any holder of a sports entertainment
6 facility license or an affiliated business for brand advertising at the
7 licensed facility or promoting events held at the sports entertainment
8 facility as authorized under RCW 66.24.570.

9 (7) Nothing in RCW 66.28.305 prohibits the performance of personal
10 services offered from time to time by a domestic brewery, microbrewery,
11 or beer certificate of approval holder to grocery store licensees with
12 a tasting endorsement when the personal services are (a) conducted at
13 a licensed premises in conjunction with a tasting event, and (b)
14 intended to inform, educate, or enhance customers' knowledge or
15 experience of the manufacturer's products. The performance of personal
16 services may include participation and pouring, bottle signing events,
17 and other similar informational or educational activities. A domestic
18 brewery, microbrewery, or beer certificate of approval holder is not
19 obligated to perform any such personal services, and a grocery store
20 licensee may not require the performance of any personal service as a
21 condition for including any product in any tasting conducted by the
22 licensee.

23 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a
24 domestic winery and a restaurant licensed under RCW 66.24.320 or
25 66.24.400 to waive a corkage fee.

26 (9) Nothing in this section prohibits professional sports teams who
27 hold a retail liquor license or their agents from accepting bona fide
28 liquor advertising from manufacturers, importers, distributors, or
29 their agents for use in the sporting arena. Professional sports teams
30 who hold a retail liquor license or their agents may license the
31 manufacturer, importer, distributor, or their agents to use the name
32 and trademarks of the professional sports team in their advertising and
33 promotions, under the following conditions:

34 (a) Such advertising must be paid for by said manufacturer,
35 importer, distributor, or their agent at the published advertising rate
36 or at a reasonable fair market value.

37 (b) Such advertising may carry with it no express or implied offer
38 on the part of the manufacturer, importer, distributor, or their agent,

1 or promise on the part of the retail licensee whose operation is
2 directly or indirectly part of the sporting arena, to stock or list any
3 particular brand of liquor to the total or partial exclusion of any
4 other brand.

5 **Sec. 128.** RCW 66.28.320 and 2009 c 506 s 9 are each amended to
6 read as follows:

7 The ((~~board~~)) office shall adopt rules as are deemed necessary to
8 carry out the purposes and provisions of this chapter in accordance
9 with the administrative procedure act, chapter 34.05 RCW.

10 **Sec. 129.** RCW 66.04.--- and 2012 c 2 (Initiative Measure No. 1183)
11 s 125 are each amended to read as follows:

12 In this title, unless the context otherwise requires:

13 (1) "Retailer," except as expressly defined by RCW 66.28.285(5)
14 with respect to its use in RCW 6.28.280 through 66.28.315, means the
15 holder of a license or permit issued by the ((~~board~~)) office
16 authorizing sale of liquor to consumers for consumption on and/or off
17 the premises. With respect to retailer licenses, "on-sale" refers to
18 the license privilege of selling for consumption upon the licensed
19 premises.

20 (2) "Spirits distributor" means a person, other than a person who
21 holds only a retail license, who buys spirits from a domestic
22 distiller, manufacturer, supplier, spirits distributor, or spirits
23 importer, or who acquires foreign-produced spirits from a source
24 outside of the United States, for the purpose of reselling the same not
25 in violation of this title, or who represents such distiller as agent.

26 (3) "Spirits importer" means a person who buys distilled spirits
27 from a distiller outside the state of Washington and imports such
28 spirits into the state for sale or export.

29 **Sec. 130.** RCW 66.32.010 and 2012 c 2 (Initiative Measure No. 1183)
30 s 208 are each amended to read as follows:

31 The ((~~board~~)) office may, to the extent required to control
32 unlawful diversion of liquor from authorized channels of distribution,
33 require that packages of liquor transported within the state be sealed
34 with such official seal as may be adopted by the ((~~board~~)) office,
35 except in the case of:

- 1 (1) Liquor manufactured in the state; or
- 2 (2) Liquor purchased within the state or for shipment to a consumer
- 3 within the state in accordance with the provisions of law; or
- 4 (3) Wine or beer exempted in RCW 66.12.010.

5 **Sec. 131.** RCW 66.32.020 and 1987 c 202 s 220 are each amended to
6 read as follows:

7 If, upon the sworn complaint of any person, it is made to appear to
8 any judge of the superior court or district court, that there is
9 probable cause to believe that intoxicating liquor is being
10 manufactured, sold, bartered, exchanged, given away, furnished, or
11 otherwise disposed of or kept in violation of the provisions of this
12 title, such judge shall, with or without the approval of the
13 prosecuting attorney, issue a warrant directed to a civil officer of
14 the state duly authorized to enforce or assist in enforcing any law
15 thereof, or to an inspector of the ((board)) office, commanding the
16 civil officer or inspector to search the premises, room, house,
17 building, boat, vehicle, structure or place designated and described in
18 the complaint and warrant, and to seize all intoxicating liquor there
19 found, together with the vessels in which it is contained, and all
20 implements, furniture, and fixtures used or kept for the illegal
21 manufacture, sale, barter, exchange, giving away, furnishing, or
22 otherwise disposing of the liquor, and to safely keep the same, and to
23 make a return of the warrant within ten days, showing all acts and
24 things done thereunder, with a particular statement of all articles
25 seized and the name of the person or persons in whose possession they
26 were found, if any, and if no person is found in the possession of the
27 articles, the return shall so state.

28 **Sec. 132.** RCW 66.32.090 and 1993 c 26 s 2 are each amended to read
29 as follows:

30 In every case in which liquor is seized by a sheriff or deputy of
31 any county or by a police officer of any municipality or by a member of
32 the Washington state patrol, or any other authorized peace officer or
33 inspector, it shall be the duty of the sheriff or deputy of any county,
34 or chief of police of the municipality, or the chief of the Washington
35 state patrol, as the case may be, to forthwith report in writing to the
36 ((board)) office of particulars of such seizure.

1 **Sec. 133.** RCW 66.40.030 and 2009 c 271 s 9 are each amended to
2 read as follows:

3 Within any unit referred to in RCW 66.40.010, there may be held a
4 separate election upon the question of whether the sale of liquor under
5 spirits, beer, and wine restaurant; spirits, beer, and wine private
6 club; spirits, beer, and wine nightclub; and sports entertainment
7 facility licenses, shall be permitted within such unit. The conditions
8 and procedure for holding such election shall be those prescribed by
9 RCW 66.40.020, 66.40.040, 66.40.100, 66.40.110 and 66.40.120. Whenever
10 a majority of qualified voters voting upon said question in any such
11 unit shall have voted "against the sale of liquor under spirits, beer,
12 and wine restaurant; spirits, beer, and wine private club; spirits,
13 beer, and wine nightclub; and sports entertainment facility licenses",
14 the county auditor shall file with the (~~liquor control board~~) office
15 a certificate showing the result of the canvass at such election; and
16 after ninety days from and after the date of the canvass, it shall not
17 be lawful for licensees to maintain and operate premises within the
18 election unit licensed under spirits, beer, and wine restaurant;
19 spirits, beer, and wine private club; spirits, beer, and wine
20 nightclub; and sports entertainment facility licenses. The addition
21 after an election under this section of new territory to a city, town,
22 or county, by annexation, disincorporation, or otherwise, shall not
23 extend the prohibition against the sale of liquor under spirits, beer,
24 and wine restaurant; spirits, beer, and wine private club; spirits,
25 beer, and wine nightclub; and sports entertainment facility licenses to
26 the new territory. Elections held under RCW 66.40.010, 66.40.020,
27 66.40.040, 66.40.100, 66.40.110, 66.40.120 and 66.40.140, shall be
28 limited to the question of whether the sale of liquor by means other
29 than under spirits, beer, and wine restaurant; spirits, beer, and wine
30 private club; spirits, beer, and wine nightclub; and sports
31 entertainment facility licenses shall be permitted within such election
32 unit.

33 **Sec. 134.** RCW 66.40.140 and 1933 ex.s. c 62 s 88 are each amended
34 to read as follows:

35 Whenever a majority of qualified voters voting upon said question
36 in any such unit shall have voted "Against sale of liquor", the county
37 auditor shall file with the (~~liquor control board~~) office a

1 certificate showing the result of the canvass at such election; and
2 thereafter, except as hereinafter provided, it shall not be lawful for
3 a liquor store to be operated therein nor for licensees to maintain and
4 operate licensed premises therein except as hereinafter provided:

5 (1) As to any stores maintained by the ((~~board~~)) office within any
6 such unit at the time of such licensing, the ((~~board~~)) office shall
7 have a period of thirty days from and after the date of the canvass of
8 the vote upon such election to continue operation of its store or
9 stores therein.

10 (2) As to any premises licensed hereunder within any such unit at
11 the time of such election, such licensee shall have a period of sixty
12 days from and after the date of the canvass of the vote upon such
13 election in which to discontinue operation of its store or stores
14 therein.

15 (3) Nothing herein contained shall prevent any distillery, brewery,
16 rectifying plant or winery or the licensed operators thereof from
17 selling its manufactured product, manufactured within such unit,
18 outside the boundaries thereof.

19 (4) Nothing herein contained shall prevent any person residing in
20 any unit in which the sale of liquor shall have been forbidden by
21 popular vote as herein provided, who is otherwise qualified to receive
22 and hold a permit under this title, from lawfully purchasing without
23 the unit and transporting into or receiving within the unit, liquor
24 lawfully purchased by him or her outside the boundaries of such unit.

25 **Sec. 135.** RCW 66.44.010 and 1998 c 18 s 1 are each amended to read
26 as follows:

27 (1) All county and municipal peace officers are hereby charged with
28 the duty of investigating and prosecuting all violations of this title,
29 and the penal laws of this state relating to the manufacture,
30 importation, transportation, possession, distribution and sale of
31 liquor, and all fines imposed for violations of this title and the
32 penal laws of this state relating to the manufacture, importation,
33 transportation, possession, distribution and sale of liquor shall
34 belong to the county, city or town wherein the court imposing the fine
35 is located, and shall be placed in the general fund for payment of the
36 salaries of those engaged in the enforcement of the provisions of this
37 title and the penal laws of this state relating to the manufacture,

1 importation, transportation, possession, distribution and sale of
2 liquor: PROVIDED, That all fees, fines, forfeitures and penalties
3 collected or assessed by a district court because of the violation of
4 a state law shall be remitted as provided in chapter 3.62 RCW as now
5 exists or is later amended.

6 (2) In addition to any and all other powers granted, the ((~~board~~))
7 office shall have the power to enforce the penal provisions of this
8 title and the penal laws of this state relating to the manufacture,
9 importation, transportation, possession, distribution and sale of
10 liquor.

11 (3) In addition to the other duties under this section, the
12 ((~~board~~)) office shall enforce chapters 82.24 and 82.26 RCW.

13 (4) The ((~~board~~)) office may appoint and employ, assign to duty and
14 fix the compensation of, officers to be designated as liquor
15 enforcement officers. Such liquor enforcement officers shall have the
16 power, under the supervision of the ((~~board~~)) office, to enforce the
17 penal provisions of this title and the penal laws of this state
18 relating to the manufacture, importation, transportation, possession,
19 distribution and sale of liquor. They shall have the power and
20 authority to serve and execute all warrants and process of law issued
21 by the courts in enforcing the penal provisions of this title or of any
22 penal law of this state relating to the manufacture, importation,
23 transportation, possession, distribution and sale of liquor, and the
24 provisions of chapters 82.24 and 82.26 RCW. They shall have the power
25 to arrest without a warrant any person or persons found in the act of
26 violating any of the penal provisions of this title or of any penal law
27 of this state relating to the manufacture, importation, transportation,
28 possession, distribution and sale of liquor, and the provisions of
29 chapters 82.24 and 82.26 RCW.

30 **Sec. 136.** RCW 66.44.070 and 1933 ex.s. c 62 s 60 are each amended
31 to read as follows:

32 A certificate, signed by any person appointed or designated by the
33 ((~~board~~)) office in writing as an analyst, as to the percentage of
34 alcohol contained in any liquid, drink, liquor, or combination of
35 liquors, when produced in any court or before any court shall be prima
36 facie evidence of the percentage of alcohol contained therein.

1 **Sec. 137.** RCW 66.44.120 and 2012 c 2 (Initiative Measure No. 1183)
2 s 209 are each amended to read as follows:

3 (1) No person other than an employee of the ((~~board~~)) office may
4 keep or have in his or her possession any official seal adopted by the
5 ((~~board~~)) office under this title, unless the same is attached to a
6 package in accordance with the law; nor may any person keep or have in
7 his or her possession any design in imitation of any official seal
8 prescribed under this title, or calculated to deceive by its
9 resemblance thereto, or any paper upon which any design in imitation
10 thereof, or calculated to deceive as aforesaid, is stamped, engraved,
11 lithographed, printed, or otherwise marked.

12 (2)(a) Except as provided in (b) of this subsection, every person
13 who willfully violates this section is guilty of a gross misdemeanor
14 and is liable on conviction thereof for a first offense to imprisonment
15 in the county jail for a period of not less than three months nor more
16 than six months, without the option of the payment of a fine, and for
17 a second offense, to imprisonment in the county jail for not less than
18 six months nor more than three hundred sixty-four days, without the
19 option of the payment of a fine.

20 (b) A third or subsequent offense is a class C felony, punishable
21 by imprisonment in a state correctional facility for not less than one
22 year nor more than two years.

23 **Sec. 138.** RCW 66.44.150 and 2012 c 2 (Initiative Measure No. 1183)
24 s 210 are each amended to read as follows:

25 If any person in this state buys alcoholic beverages from any
26 person other than a person authorized by the ((~~board~~)) office to sell
27 alcoholic beverages, he or she is guilty of a misdemeanor.

28 **Sec. 139.** RCW 66.44.160 and 1955 c 289 s 6 are each amended to
29 read as follows:

30 Except as otherwise provided in this title, any person who has or
31 keeps or transports alcoholic beverages other than those purchased from
32 the ((~~board~~)) office, a state liquor store, or some person authorized
33 by the ((~~board~~)) office to sell them, shall be guilty of a violation of
34 this title.

1 **Sec. 140.** RCW 66.44.200 and 1998 c 259 s 1 are each amended to
2 read as follows:

3 (1) No person shall sell any liquor to any person apparently under
4 the influence of liquor.

5 (2)(a) No person who is apparently under the influence of liquor
6 may purchase or consume liquor on any premises licensed by the
7 (~~board~~) office.

8 (b) A violation of this subsection is an infraction punishable by
9 a fine of not more than five hundred dollars.

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

12 (d) Until July 1, 2000, every establishment licensed under RCW
13 66.24.330 or 66.24.420 shall conspicuously post in the establishment
14 notice of the prohibition against the purchase or consumption of liquor
15 under this subsection.

16 (3) An administrative action for violation of subsection (1) of
17 this section and an infraction issued for violation of subsection (2)
18 of this section arising out of the same incident are separate actions
19 and the outcome of one shall not determine the outcome of the other.

20 **Sec. 141.** RCW 66.44.290 and 2003 c 53 s 301 are each amended to
21 read as follows:

22 (1) Every person under the age of twenty-one years who purchases or
23 attempts to purchase liquor shall be guilty of a violation of this
24 title. This section does not apply to persons between the ages of
25 eighteen and twenty-one years who are participating in a controlled
26 purchase program authorized by the (~~liquor control board~~) office
27 under rules adopted by the (~~board~~) office. Violations occurring
28 under a private, controlled purchase program authorized by the (~~liquor~~
29 ~~control board~~) office may not be used for criminal or administrative
30 prosecution.

31 (2) An employer who conducts an in-house controlled purchase
32 program authorized under this section shall provide his or her
33 employees a written description of the employer's in-house controlled
34 purchase program. The written description must include notice of
35 actions an employer may take as a consequence of an employee's failure
36 to comply with company policies regarding the sale of alcohol during an
37 in-house controlled purchase.

1 (3) An in-house controlled purchase program authorized under this
2 section shall be for the purposes of employee training and employer
3 self-compliance checks. An employer may not terminate an employee
4 solely for a first-time failure to comply with company policies
5 regarding the sale of alcohol during an in-house controlled purchase
6 program authorized under this section.

7 (4) Every person between the ages of eighteen and twenty,
8 inclusive, who is convicted of a violation of this section is guilty of
9 a misdemeanor punishable as provided by RCW 9A.20.021, except that a
10 minimum fine of two hundred fifty dollars shall be imposed and any
11 sentence requiring community restitution shall require not fewer than
12 twenty-five hours of community restitution.

13 **Sec. 142.** RCW 66.44.292 and 1981 1st ex.s. c 5 s 23 are each
14 amended to read as follows:

15 The (~~Washington state liquor control board~~) office shall furnish
16 notification of any hearing or hearings held, wherein any licensee or
17 his or her employee is found to have sold liquor to a minor, to the
18 prosecuting attorney of the county in which the sale took place, upon
19 which the prosecuting attorney may formulate charges against said minor
20 or minors for such violation of RCW 66.44.290 as may appear.

21 **Sec. 143.** RCW 66.44.310 and 2007 c 370 s 12 are each amended to
22 read as follows:

23 (1) Except as otherwise provided by RCW 66.44.316, 66.44.350, and
24 66.24.590, it shall be a misdemeanor:

25 (a) To serve or allow to remain in any area classified by the
26 (~~board~~) office as off-limits to any person under the age of twenty-
27 one years;

28 (b) For any person under the age of twenty-one years to enter or
29 remain in any area classified as off-limits to such a person, but
30 persons under twenty-one years of age may pass through a restricted
31 area in a facility holding a spirits, beer, and wine private club
32 license;

33 (c) For any person under the age of twenty-one years to represent
34 his or her age as being twenty-one or more years for the purpose of
35 purchasing liquor or securing admission to, or remaining in any area
36 classified by the (~~board~~) office as off-limits to such a person.

1 (2) The (~~Washington state liquor control board~~) office shall have
2 the power and it shall be its duty to classify licensed premises or
3 portions of licensed premises as off-limits to persons under the age of
4 twenty-one years of age.

5 **Sec. 144.** RCW 66.44.350 and 1999 c 281 s 12 are each amended to
6 read as follows:

7 Notwithstanding provisions of RCW 66.44.310, employees holding beer
8 and/or wine restaurant; beer and/or wine private club; snack bar;
9 spirits, beer, and wine restaurant; spirits, beer, and wine private
10 club; and sports entertainment facility licenses who are licensees
11 eighteen years of age and over may take orders for, serve and sell
12 liquor in any part of the licensed premises except cocktail lounges,
13 bars, or other areas classified by the (~~Washington state liquor~~
14 ~~control board~~) office as off-limits to persons under twenty-one years
15 of age: PROVIDED, That such employees may enter such restricted areas
16 to perform work assignments including picking up liquor for service in
17 other parts of the licensed premises, performing clean up work, setting
18 up and arranging tables, delivering supplies, delivering messages,
19 serving food, and seating patrons: PROVIDED FURTHER, That such
20 employees shall remain in the areas off-limits to minors no longer than
21 is necessary to carry out their aforementioned duties: PROVIDED
22 FURTHER, That such employees shall not be permitted to perform
23 activities or functions of a bartender.

24 **Sec. 145.** RCW 66.98.070 and 1949 c 5 s 15 are each amended to read
25 as follows:

26 For the purpose of carrying into effect the provisions of (~~this~~
27 ~~act~~) section 15, chapter 5, Laws of 1949, the (~~board~~) office shall
28 have the same power to make regulations not inconsistent with the
29 spirit of (~~this act~~) section 15, chapter 5, Laws of 1949 as is
30 provided by RCW 66.08.030.

31 **Sec. 146.** RCW 9.41.300 and 2011 c 221 s 2 are each amended to read
32 as follows:

33 (1) It is unlawful for any person to enter the following places
34 when he or she knowingly possesses or knowingly has under his or her
35 control a weapon:

1 (a) The restricted access areas of a jail, or of a law enforcement
2 facility, or any place used for the confinement of a person (i)
3 arrested for, charged with, or convicted of an offense, (ii) held for
4 extradition or as a material witness, or (iii) otherwise confined
5 pursuant to an order of a court, except an order under chapter 13.32A
6 or 13.34 RCW. Restricted access areas do not include common areas of
7 egress or ingress open to the general public;

8 (b) Those areas in any building which are used in connection with
9 court proceedings, including courtrooms, jury rooms, judge's chambers,
10 offices and areas used to conduct court business, waiting areas, and
11 corridors adjacent to areas used in connection with court proceedings.
12 The restricted areas do not include common areas of ingress and egress
13 to the building that is used in connection with court proceedings, when
14 it is possible to protect court areas without restricting ingress and
15 egress to the building. The restricted areas shall be the minimum
16 necessary to fulfill the objective of this subsection (1)(b).

17 For purposes of this subsection (1)(b), "weapon" means any firearm,
18 explosive as defined in RCW 70.74.010, or any weapon of the kind
19 usually known as slung shot, sand club, or metal knuckles, or any
20 knife, dagger, dirk, or other similar weapon that is capable of causing
21 death or bodily injury and is commonly used with the intent to cause
22 death or bodily injury.

23 In addition, the local legislative authority shall provide either
24 a stationary locked box sufficient in size for pistols and key to a
25 weapon owner for weapon storage, or shall designate an official to
26 receive weapons for safekeeping, during the owner's visit to restricted
27 areas of the building. The locked box or designated official shall be
28 located within the same building used in connection with court
29 proceedings. The local legislative authority shall be liable for any
30 negligence causing damage to or loss of a weapon either placed in a
31 locked box or left with an official during the owner's visit to
32 restricted areas of the building.

33 The local judicial authority shall designate and clearly mark those
34 areas where weapons are prohibited, and shall post notices at each
35 entrance to the building of the prohibition against weapons in the
36 restricted areas;

37 (c) The restricted access areas of a public mental health facility
38 certified by the department of social and health services for inpatient

1 hospital care and state institutions for the care of the mentally ill,
2 excluding those facilities solely for evaluation and treatment.
3 Restricted access areas do not include common areas of egress and
4 ingress open to the general public;

5 (d) That portion of an establishment classified by the ((state
6 ~~liquor~~)) office of alcohol beverage control ((~~board~~)) as off-limits to
7 persons under twenty-one years of age; or

8 (e) The restricted access areas of a commercial service airport
9 designated in the airport security plan approved by the federal
10 transportation security administration, including passenger screening
11 checkpoints at or beyond the point at which a passenger initiates the
12 screening process. These areas do not include airport drives, general
13 parking areas and walkways, and shops and areas of the terminal that
14 are outside the screening checkpoints and that are normally open to
15 unscreened passengers or visitors to the airport. Any restricted
16 access area shall be clearly indicated by prominent signs indicating
17 that firearms and other weapons are prohibited in the area.

18 (2) Cities, towns, counties, and other municipalities may enact
19 laws and ordinances:

20 (a) Restricting the discharge of firearms in any portion of their
21 respective jurisdictions where there is a reasonable likelihood that
22 humans, domestic animals, or property will be jeopardized. Such laws
23 and ordinances shall not abridge the right of the individual guaranteed
24 by Article I, section 24 of the state Constitution to bear arms in
25 defense of self or others; and

26 (b) Restricting the possession of firearms in any stadium or
27 convention center, operated by a city, town, county, or other
28 municipality, except that such restrictions shall not apply to:

29 (i) Any pistol in the possession of a person licensed under RCW
30 9.41.070 or exempt from the licensing requirement by RCW 9.41.060; or

31 (ii) Any showing, demonstration, or lecture involving the
32 exhibition of firearms.

33 (3)(a) Cities, towns, and counties may enact ordinances restricting
34 the areas in their respective jurisdictions in which firearms may be
35 sold, but, except as provided in (b) of this subsection, a business
36 selling firearms may not be treated more restrictively than other
37 businesses located within the same zone. An ordinance requiring the

1 cessation of business within a zone shall not have a shorter
2 grandfather period for businesses selling firearms than for any other
3 businesses within the zone.

4 (b) Cities, towns, and counties may restrict the location of a
5 business selling firearms to not less than five hundred feet from
6 primary or secondary school grounds, if the business has a storefront,
7 has hours during which it is open for business, and posts
8 advertisements or signs observable to passersby that firearms are
9 available for sale. A business selling firearms that exists as of the
10 date a restriction is enacted under this subsection (3)(b) shall be
11 grandfathered according to existing law.

12 (4) Violations of local ordinances adopted under subsection (2) of
13 this section must have the same penalty as provided for by state law.

14 (5) The perimeter of the premises of any specific location covered
15 by subsection (1) of this section shall be posted at reasonable
16 intervals to alert the public as to the existence of any law
17 restricting the possession of firearms on the premises.

18 (6) Subsection (1) of this section does not apply to:

19 (a) A person engaged in military activities sponsored by the
20 federal or state governments, while engaged in official duties;

21 (b) Law enforcement personnel, except that subsection (1)(b) of
22 this section does apply to a law enforcement officer who is present at
23 a courthouse building as a party to an action under chapter 10.14,
24 10.99, or 26.50 RCW, or an action under Title 26 RCW where any party
25 has alleged the existence of domestic violence as defined in RCW
26 26.50.010; or

27 (c) Security personnel while engaged in official duties.

28 (7) Subsection (1)(a), (b), (c), and (e) of this section does not
29 apply to correctional personnel or community corrections officers, as
30 long as they are employed as such, who have completed government-
31 sponsored law enforcement firearms training, except that subsection
32 (1)(b) of this section does apply to a correctional employee or
33 community corrections officer who is present at a courthouse building
34 as a party to an action under chapter 10.14, 10.99, or 26.50 RCW, or an
35 action under Title 26 RCW where any party has alleged the existence of
36 domestic violence as defined in RCW 26.50.010.

37 (8) Subsection (1)(a) of this section does not apply to a person
38 licensed pursuant to RCW 9.41.070 who, upon entering the place or

1 facility, directly and promptly proceeds to the administrator of the
2 facility or the administrator's designee and obtains written permission
3 to possess the firearm while on the premises or checks his or her
4 firearm. The person may reclaim the firearms upon leaving but must
5 immediately and directly depart from the place or facility.

6 (9) Subsection (1)(c) of this section does not apply to any
7 administrator or employee of the facility or to any person who, upon
8 entering the place or facility, directly and promptly proceeds to the
9 administrator of the facility or the administrator's designee and
10 obtains written permission to possess the firearm while on the
11 premises.

12 (10) Subsection (1)(d) of this section does not apply to the
13 proprietor of the premises or his or her employees while engaged in
14 their employment.

15 (11) Government-sponsored law enforcement firearms training must be
16 training that correctional personnel and community corrections officers
17 receive as part of their job requirement and reference to such training
18 does not constitute a mandate that it be provided by the correctional
19 facility.

20 (12) Any person violating subsection (1) of this section is guilty
21 of a gross misdemeanor.

22 (13) "Weapon" as used in this section means any firearm, explosive
23 as defined in RCW 70.74.010, or instrument or weapon listed in RCW
24 9.41.250.

25 **Sec. 147.** RCW 9.46.0315 and 1991 c 192 s 4 are each amended to
26 read as follows:

27 Bona fide charitable or bona fide nonprofit organizations organized
28 primarily for purposes other than the conduct of raffles, are hereby
29 authorized to conduct raffles without obtaining a license to do so from
30 the commission when such raffles are held in accordance with all other
31 requirements of this chapter, other applicable laws, and rules of the
32 commission; when gross revenues from all such raffles held by the
33 organization during the calendar year do not exceed five thousand
34 dollars; and when tickets to such raffles are sold only to, and winners
35 are determined only from among, the regular members of the organization
36 conducting the raffle. The organization may provide unopened
37 containers of beverages containing alcohol as raffle prizes if the

1 appropriate permit has been obtained from the (~~liquor~~) office of
2 alcohol beverage control (~~board~~): PROVIDED, That the term members
3 for this purpose shall mean only those persons who have become members
4 prior to the commencement of the raffle and whose qualification for
5 membership was not dependent upon, or in any way related to, the
6 purchase of a ticket, or tickets, for such raffles.

7 **Sec. 148.** RCW 9.46.0331 and 2009 c 78 s 1 are each amended to read
8 as follows:

9 The legislature hereby authorizes any person to conduct or operate
10 amusement games when licensed and operated pursuant to the provisions
11 of this chapter and rules and regulations adopted by the commission at
12 such locations as the commission may authorize. The rules shall
13 provide for at least the following:

14 (1) Persons other than bona fide charitable or bona fide nonprofit
15 organizations shall conduct amusement games only after obtaining a
16 special amusement game license from the commission.

17 (2) Amusement games may be conducted under such a license only as
18 a part of, and upon the site of:

19 (a) Any agricultural fair as authorized under chapter 15.76 or
20 36.37 RCW; or

21 (b) A civic center of a county, city, or town; or

22 (c) A world's fair or similar exposition that is approved by the
23 bureau of international expositions at Paris, France; or

24 (d) A community-wide civic festival held not more than once
25 annually and sponsored or approved by the city, town, or county in
26 which it is held; or

27 (e) A commercial exposition organized and sponsored by an
28 organization or association representing the retail sales and service
29 operators conducting business in a shopping center or other commercial
30 area developed and operated for retail sales and service, but only upon
31 a parking lot or similar area located in said shopping center or
32 commercial area for a period of no more than seventeen consecutive days
33 by any licensee during any calendar year; or

34 (f) An amusement park. An amusement park is a group of activities,
35 at a permanent location, to which people go to be entertained through
36 a combination of various mechanical or aquatic rides, theatrical
37 productions, motion picture, and/or slide show presentations with food

1 and drink service. The amusement park must include at least five
2 different mechanical, or aquatic rides, three additional activities,
3 and the gross receipts must be primarily from these amusement
4 activities; or

5 (g) Within a regional shopping center. A regional shopping center
6 is a shopping center developed and operated for retail sales and
7 service by retail sales and service operators and consisting of more
8 than six hundred thousand gross square feet not including parking
9 areas. Amusement games conducted as a part of, and upon the site of,
10 a regional shopping center shall not be subject to the prohibition on
11 revenue sharing set forth in RCW 9.46.120(2); or

12 (h) A location that possesses a valid license from the Washington
13 state (~~liquor~~) office of alcohol beverage control (~~board~~) and
14 prohibits minors on their premises; or

15 (i) Movie theaters, bowling alleys, miniature golf course
16 facilities, and amusement centers. For the purposes of this section an
17 amusement center shall be defined as a permanent location whose primary
18 source of income is from the operation of ten or more amusement
19 devices; or

20 (j) Any business whose primary activity is to provide food service
21 for on premises consumption and who offers family entertainment which
22 includes at least three of the following activities: Amusement
23 devices; theatrical productions; mechanical rides; motion pictures; and
24 slide show presentations; or

25 (k) Other locations as the commission may authorize.

26 (3) No amusement games may be conducted in any location except in
27 conformance with local zoning, fire, health, and similar regulations.
28 In no event may the licensee conduct any amusement games at any of the
29 locations set out in subsection (2) of this section without first
30 having obtained the written permission to do so from the person or
31 organization owning the premises or an authorized agent thereof, and
32 from the persons sponsoring the fair, exhibition, commercial
33 exhibition, or festival, or from the city or town operating the civic
34 center, in connection with which the games are to be operated.

35 (4) In no event may a licensee conduct any amusement games at the
36 location described in subsection (2)(g) of this section, without, at
37 the location of such games, providing adult supervision during all
38 hours the licensee is open for business at such location, prohibiting

1 school-age minors from entry during school hours, maintaining full-time
2 personnel whose responsibilities include maintaining security and daily
3 machine maintenance, and providing for hours for the close of business
4 at such location that are no later than 10:00 p.m. on Fridays and
5 Saturdays and on all other days that are the same as those of the
6 regional shopping center in which the licensee is located.

7 (5) In no event may a licensee conduct any amusement game at a
8 location described in subsection (2)(i) or (j) of this section,
9 without, at the location of such games, providing adult supervision
10 during all hours the licensee is open for business at such location,
11 prohibiting school-age minors from playing licensed amusement games
12 during school hours, maintaining full-time personnel whose
13 responsibilities include maintaining security and daily machine
14 maintenance, and prohibiting minors from playing the amusement games
15 after 10:00 p.m. on any day.

16 **Sec. 149.** RCW 10.93.020 and 2006 c 284 s 16 are each amended to
17 read as follows:

18 As used in this chapter, the following terms have the meanings
19 indicated unless the context clearly requires otherwise.

20 (1) "General authority Washington law enforcement agency" means any
21 agency, department, or division of a municipal corporation, political
22 subdivision, or other unit of local government of this state, and any
23 agency, department, or division of state government, having as its
24 primary function the detection and apprehension of persons committing
25 infractions or violating the traffic or criminal laws in general, as
26 distinguished from a limited authority Washington law enforcement
27 agency, and any other unit of government expressly designated by
28 statute as a general authority Washington law enforcement agency. The
29 Washington state patrol and the department of fish and wildlife are
30 general authority Washington law enforcement agencies.

31 (2) "Limited authority Washington law enforcement agency" means any
32 agency, political subdivision, or unit of local government of this
33 state, and any agency, department, or division of state government,
34 having as one of its functions the apprehension or detection of persons
35 committing infractions or violating the traffic or criminal laws
36 relating to limited subject areas, including but not limited to, the
37 state departments of natural resources and social and health services,

1 the state gambling commission, the state lottery commission, the state
2 parks and recreation commission, the state utilities and transportation
3 commission, the state ((~~liquor~~)) office of alcohol beverage control
4 ((~~board~~)), the office of the insurance commissioner, and the state
5 department of corrections.

6 (3) "General authority Washington peace officer" means any full-
7 time, fully compensated and elected, appointed, or employed officer of
8 a general authority Washington law enforcement agency who is
9 commissioned to enforce the criminal laws of the state of Washington
10 generally.

11 (4) "Limited authority Washington peace officer" means any full-
12 time, fully compensated officer of a limited authority Washington law
13 enforcement agency empowered by that agency to detect or apprehend
14 violators of the laws in some or all of the limited subject areas for
15 which that agency is responsible. A limited authority Washington peace
16 officer may be a specially commissioned Washington peace officer if
17 otherwise qualified for such status under this chapter.

18 (5) "Specially commissioned Washington peace officer", for the
19 purposes of this chapter, means any officer, whether part-time or full-
20 time, compensated or not, commissioned by a general authority
21 Washington law enforcement agency to enforce some or all of the
22 criminal laws of the state of Washington, who does not qualify under
23 this chapter as a general authority Washington peace officer for that
24 commissioning agency, specifically including reserve peace officers,
25 and specially commissioned full-time, fully compensated peace officers
26 duly commissioned by the states of Oregon or Idaho or any such peace
27 officer commissioned by a unit of local government of Oregon or Idaho.
28 A reserve peace officer is an individual who is an officer of a
29 Washington law enforcement agency who does not serve such agency on a
30 full-time basis but who, when called by the agency into active service,
31 is fully commissioned on the same basis as full-time peace officers to
32 enforce the criminal laws of the state.

33 (6) "Federal peace officer" means any employee or agent of the
34 United States government who has the authority to carry firearms and
35 make warrantless arrests and whose duties involve the enforcement of
36 criminal laws of the United States.

37 (7) "Agency with primary territorial jurisdiction" means a city or
38 town police agency which has responsibility for police activity within

1 its boundaries; or a county police or sheriff's department which has
2 responsibility with regard to police activity in the unincorporated
3 areas within the county boundaries; or a statutorily authorized port
4 district police agency or four-year state college or university police
5 agency which has responsibility for police activity within the
6 statutorily authorized enforcement boundaries of the port district,
7 state college, or university.

8 (8) "Primary commissioning agency" means (a) the employing agency
9 in the case of a general authority Washington peace officer, a limited
10 authority Washington peace officer, an Indian tribal peace officer, or
11 a federal peace officer, and (b) the commissioning agency in the case
12 of a specially commissioned Washington peace officer (i) who is
13 performing functions within the course and scope of the special
14 commission and (ii) who is not also a general authority Washington
15 peace officer, a limited authority Washington peace officer, an Indian
16 tribal peace officer, or a federal peace officer.

17 (9) "Primary function of an agency" means that function to which
18 greater than fifty percent of the agency's resources are allocated.

19 (10) "Mutual law enforcement assistance" includes, but is not
20 limited to, one or more law enforcement agencies aiding or assisting
21 one or more other such agencies through loans or exchanges of personnel
22 or of material resources, for law enforcement purposes.

23 **Sec. 150.** RCW 15.89.070 and 2011 c 103 s 16 are each amended to
24 read as follows:

25 The commission shall:

26 (1) Elect a chair and officers. The officers must include a
27 treasurer who is responsible for all receipts and disbursements by the
28 commission and the faithful discharge of whose duties shall be
29 guaranteed by a bond at the sole expense of the commission. The
30 commission must adopt rules for its own governance that provide for the
31 holding of an annual meeting for the election of officers and the
32 transaction of other business and for other meetings the commission may
33 direct;

34 (2) Do all things reasonably necessary to effect the purposes of
35 this chapter. However, the commission has no rule-making power except
36 as provided in this chapter;

1 (3) Employ and discharge managers, secretaries, agents, attorneys,
2 and employees and engage the services of independent contractors;

3 (4) Retain, as necessary, the services of private legal counsel to
4 conduct legal actions on behalf of the commission. The retention of a
5 private attorney is subject to review by the office of the attorney
6 general;

7 (5) Receive donations of beer from producers for promotional
8 purposes under subsections (6) and (7) of this section and for fund-
9 raising purposes under subsection (8) of this section. Donations of
10 beer for promotional purposes may only be disseminated without charge;

11 (6) Engage directly or indirectly in the promotion of Washington
12 beer, including, without limitation, the acquisition in any lawful
13 manner and the dissemination without charge of beer. This
14 dissemination is not deemed a sale for any purpose and the commission
15 is not deemed a producer, supplier, or manufacturer, or the clerk,
16 servant, or agent of a producer, supplier, distributor, or
17 manufacturer. This dissemination without charge shall be for
18 agricultural development or trade promotion, and not for fund-raising
19 purposes under subsection (8) of this section. Dissemination for
20 promotional purposes may include promotional hosting and must in the
21 good faith judgment of the commission be in the aid of the marketing,
22 advertising, sale of beer, or of research related to such marketing,
23 advertising, or sale;

24 (7) Promote Washington beer by conducting unique beer tastings
25 without charge;

26 (8) Beginning July 1, 2007, fund the Washington beer commission
27 through sponsorship of up to twelve beer festivals annually at which
28 beer may be sold to festival participants. For this purpose, the
29 commission would qualify for issue of a special occasion license as an
30 exception to WAC 314-05-020 but must comply with laws under Title 66
31 RCW and rules adopted by the (~~liquor~~) office of alcohol beverage
32 control (~~board~~) under which such events may be conducted;

33 (9) Participate in international, federal, state, and local
34 hearings, meetings, and other proceedings relating to the production,
35 regulation, distribution, sale, or use of beer including activities
36 authorized under RCW 42.17A.635, including the reporting of those
37 activities to the public disclosure commission;

1 (10) Acquire and transfer personal and real property, establish
2 offices, incur expenses, and enter into contracts, including contracts
3 for the creation and printing of promotional literature. The contracts
4 are not subject to chapter 43.78 RCW, and are cancelable by the
5 commission unless performed under conditions of employment that
6 substantially conform to the laws of this state and the rules of the
7 department of labor and industries. The commission may create debt and
8 other liabilities that are reasonable for proper discharge of its
9 duties under this chapter;

10 (11) Maintain accounts with one or more qualified public
11 depositories as the commission may direct, for the deposit of money,
12 and expend money for purposes authorized by this chapter by drafts made
13 by the commission upon such institutions or by other means;

14 (12) Cause to be kept and annually closed, in accordance with
15 generally accepted accounting principles, accurate records of all
16 receipts, disbursements, and other financial transactions, available
17 for audit by the state auditor;

18 (13) Create and maintain a list of producers and disseminate
19 information among and solicit the opinions of producers with respect to
20 the discharge of the duties of the commission, directly or by
21 arrangement with trade associations or other instrumentalities;

22 (14) Employ, designate as an agent, act in concert with, and enter
23 into contracts with any person, council, commission, or other entity to
24 promote the general welfare of the beer industry and particularly to
25 assist in the sale and distribution of Washington beer in domestic and
26 foreign commerce. The commission shall expend money necessary or
27 advisable for this purpose and to pay its proportionate share of the
28 cost of any program providing direct or indirect assistance to the sale
29 and distribution of Washington beer in domestic or foreign commerce,
30 employing and paying for vendors of professional services of all kinds;

31 (15) Sue and be sued as a commission, without individual liability
32 for acts of the commission within the scope of the powers conferred
33 upon it by this chapter;

34 (16) Serve as liaison with the (~~liquor~~) office of alcohol
35 beverage control (~~board~~) on behalf of the commission and not for any
36 individual producer;

37 (17) Receive such gifts, grants, and endowments from public or
38 private sources as may be made from time to time, in trust or

1 otherwise, for the use and benefit of the purposes of the commission
2 and expend the same or any income therefrom according to the terms of
3 the gifts, grants, or endowments.

4 **Sec. 151.** RCW 15.89.100 and 2011 c 54 s 4 are each amended to read
5 as follows:

6 (1) The commission shall prepare a list of all producers from
7 information available from the (~~liquor~~) office of alcohol beverage
8 control (~~board~~), the department, or the producers' association. This
9 list must contain the names and addresses of producers within this
10 state and the amount, by barrelage, of beer produced during the period
11 designated by the commission. A qualified person may, at any time,
12 have his or her name placed upon the list by delivering or mailing the
13 information to the commission. This list shall be corrected and
14 brought up-to-date in accordance with evidence and information
15 available to the commission by December 31st of each year. For the
16 purposes of giving notice and holding referendums, the list updated
17 before the date for issuing notices or ballots is the list of all
18 producers entitled to notice, to assent or dissent, or to vote.
19 Inadvertent failure to notify a producer does not invalidate a
20 proceeding conducted under this chapter.

21 (2) It is the responsibility of producers to ensure that their
22 correct address is filed with the commission. It is also the
23 responsibility of producers to submit production data to the commission
24 as prescribed by this chapter.

25 (3) The commission shall develop a reporting system to document
26 that the producers in this state are reporting quantities of beer
27 produced and are paying the assessment as provided in RCW 15.89.110.

28 **Sec. 152.** RCW 15.89.160 and 2006 c 330 s 19 are each amended to
29 read as follows:

30 County and state law enforcement officers, the (~~liquor~~) office of
31 alcohol beverage control (~~board~~) and its enforcement agents, and
32 employees of the department shall enforce this chapter.

33 **Sec. 153.** RCW 19.02.050 and 2011 c 298 s 6 are each amended to
34 read as follows:

1 The legislature hereby directs the full participation by the
2 following agencies in the implementation of this chapter:

- 3 (1) Department of agriculture;
- 4 (2) Secretary of state;
- 5 (3) Department of social and health services;
- 6 (4) Department of revenue;
- 7 (5) Department of fish and wildlife;
- 8 (6) Employment security department;
- 9 (7) Department of labor and industries;
- 10 (8) Department of commerce;
- 11 (9) (~~Liquor~~) Office of alcohol beverage control (~~board~~);
- 12 (10) Department of health;
- 13 (11) Department of licensing;
- 14 (12) Parks and recreation commission;
- 15 (13) Utilities and transportation commission; and
- 16 (14) Other agencies as determined by the governor.

17 **Sec. 154.** RCW 19.126.070 and 1985 c 440 s 2 are each amended to
18 read as follows:

19 Continued violation of this chapter constitutes grounds, in the
20 discretion of the (~~state liquor~~) office of alcohol beverage control
21 (~~board~~), for suspension or cancellation under RCW 66.24.010 of any
22 license or certificate held by a supplier or its agent.

23 **Sec. 155.** RCW 19.192.010 and 1998 c 24 s 1 are each amended to
24 read as follows:

25 (1) Any person or entity, other than those listed in subsection (2)
26 of this section, issuing an identification card that purports to
27 identify the holder as a resident of this or any other state and that
28 contains at least a name, photograph, and date of birth, must label the
29 card "not official proof of identification" in flourescent yellow ink,
30 on the face of the card, and in not less than fourteen-point font. The
31 background color of the card must be a color other than the color used
32 for official Washington state driver's licenses and identicards.

33 (2) This section does not apply to the following persons and
34 entities:

- 35 (a) Department of licensing;
- 36 (b) Any federal, state, or local government agency;

1 (c) The Washington state (~~liquor~~) office of alcohol beverage
2 control (~~board~~);

3 (d) Private employers issuing cards identifying employees;

4 (e) Banks and credit card companies issuing credit, debit, or bank
5 cards containing a person's photograph; and

6 (f) Retail or wholesale stores issuing membership cards containing
7 a person's photograph.

8 (3) Failure to comply with this section is a class 1 civil
9 infraction.

10 **Sec. 156.** RCW 35A.66.020 and 1967 ex.s. c 119 s 35A.66.020 are
11 each amended to read as follows:

12 The qualified electors of any code city may petition for an
13 election upon the question of whether the sale of liquor shall be
14 permitted within the boundaries of such city as provided by chapter
15 66.40 RCW, and shall be governed by the procedure therein, and may
16 regulate music, dancing and entertainment as authorized by RCW
17 66.28.080: PROVIDED, That every code city shall enforce state laws
18 relating to the investigation and prosecution of all violations of
19 Title 66 RCW relating to control of alcoholic beverages and shall be
20 entitled to retain the fines collected therefrom as therein provided.
21 Every code city shall also share in the allocation and distribution of
22 liquor profits and excise as provided in RCW 82.08.170, 66.08.190, and
23 66.08.210, and make reports of seizure as required by RCW 66.32.090,
24 and otherwise regulate by ordinances not in conflict with state law or
25 (~~liquor board~~) office of alcohol beverage control regulations.

26 **Sec. 157.** RCW 36.27.020 and 1995 c 194 s 4 are each amended to
27 read as follows:

28 The prosecuting attorney shall:

29 (1) Be legal adviser of the legislative authority, giving (~~them~~
30 ~~fit~~) it his or her written opinion when required by the legislative
31 authority or the chairperson thereof touching any subject which the
32 legislative authority may be called or required to act upon relating to
33 the management of county affairs;

34 (2) Be legal adviser to all county and precinct officers and school
35 directors in all matters relating to their official business, and when

1 required draw up all instruments of an official nature for the use of
2 said officers;

3 (3) Appear for and represent the state, county, and all school
4 districts subject to the supervisory control and direction of the
5 attorney general in all criminal and civil proceedings in which the
6 state or the county or any school district in the county may be a
7 party;

8 (4) Prosecute all criminal and civil actions in which the state or
9 the county may be a party, defend all suits brought against the state
10 or the county, and prosecute actions upon forfeited recognizances and
11 bonds and actions for the recovery of debts, fines, penalties, and
12 forfeitures accruing to the state or the county;

13 (5) Attend and appear before and give advice to the grand jury when
14 cases are presented to it for consideration and draw all indictments
15 when required by the grand jury;

16 (6) Institute and prosecute proceedings before magistrates for the
17 arrest of persons charged with or reasonably suspected of felonies when
18 the prosecuting attorney has information that any such offense has been
19 committed and the prosecuting attorney shall for that purpose attend
20 when required by them if the prosecuting attorney is not then in
21 attendance upon the superior court;

22 (7) Carefully tax all cost bills in criminal cases and take care
23 that no useless witness fees are taxed as part of the costs and that
24 the officers authorized to execute process tax no other or greater fees
25 than the fees allowed by law;

26 (8) Receive all cost bills in criminal cases before district judges
27 at the trial of which the prosecuting attorney was not present, before
28 they are lodged with the legislative authority for payment, whereupon
29 the prosecuting attorney may retax the same and the prosecuting
30 attorney must do so if the legislative authority deems any bill
31 exorbitant or improperly taxed;

32 (9) Present all violations of the election laws which may come to
33 the prosecuting attorney's knowledge to the special consideration of
34 the proper jury;

35 (10) Examine once in each year the official bonds of all county and
36 precinct officers and report to the legislative authority any defect in
37 the bonds of any such officer;

1 (11) Make an annual report to the governor as of the 31st of
2 December of each year setting forth the amount and nature of business
3 transacted by the prosecuting attorney in that year with such other
4 statements and suggestions as the prosecuting attorney may deem useful;

5 (12) Send to the (~~state liquor~~) office of alcohol beverage
6 control (~~board~~) at the end of each year a written report of all
7 prosecutions brought under the state liquor laws in the county during
8 the preceding year, showing in each case, the date of trial, name of
9 accused, nature of charges, disposition of case, and the name of the
10 judge presiding;

11 (13) Seek to reform and improve the administration of criminal
12 justice and stimulate efforts to remedy inadequacies or injustice in
13 substantive or procedural law.

14 **Sec. 158.** RCW 41.26.030 and 2011 1st sp.s. c 5 s 1 are each
15 amended to read as follows:

16 As used in this chapter, unless a different meaning is plainly
17 required by the context:

18 (1) "Accumulated contributions" means the employee's contributions
19 made by a member, including any amount paid under RCW 41.50.165(2),
20 plus accrued interest credited thereon.

21 (2) "Actuarial reserve" means a method of financing a pension or
22 retirement plan wherein reserves are accumulated as the liabilities for
23 benefit payments are incurred in order that sufficient funds will be
24 available on the date of retirement of each member to pay the member's
25 future benefits during the period of retirement.

26 (3) "Actuarial valuation" means a mathematical determination of the
27 financial condition of a retirement plan. It includes the computation
28 of the present monetary value of benefits payable to present members,
29 and the present monetary value of future employer and employee
30 contributions, giving effect to mortality among active and retired
31 members and also to the rates of disability, retirement, withdrawal
32 from service, salary and interest earned on investments.

33 (4)(a) "Basic salary" for plan 1 members, means the basic monthly
34 rate of salary or wages, including longevity pay but not including
35 overtime earnings or special salary or wages, upon which pension or
36 retirement benefits will be computed and upon which employer
37 contributions and salary deductions will be based.

1 (b) "Basic salary" for plan 2 members, means salaries or wages
2 earned by a member during a payroll period for personal services,
3 including overtime payments, and shall include wages and salaries
4 deferred under provisions established pursuant to sections 403(b),
5 414(h), and 457 of the United States Internal Revenue Code, but shall
6 exclude lump sum payments for deferred annual sick leave, unused
7 accumulated vacation, unused accumulated annual leave, or any form of
8 severance pay. In any year in which a member serves in the legislature
9 the member shall have the option of having such member's basic salary
10 be the greater of:

11 (i) The basic salary the member would have received had such member
12 not served in the legislature; or

13 (ii) Such member's actual basic salary received for nonlegislative
14 public employment and legislative service combined. Any additional
15 contributions to the retirement system required because basic salary
16 under (b)(i) of this subsection is greater than basic salary under
17 (b)(ii) of this subsection shall be paid by the member for both member
18 and employer contributions.

19 (5)(a) "Beneficiary" for plan 1 members, means any person in
20 receipt of a retirement allowance, disability allowance, death benefit,
21 or any other benefit described herein.

22 (b) "Beneficiary" for plan 2 members, means any person in receipt
23 of a retirement allowance or other benefit provided by this chapter
24 resulting from service rendered to an employer by another person.

25 (6)(a) "Child" or "children" means an unmarried person who is under
26 the age of eighteen or mentally or physically disabled as determined by
27 the department, except a person who is disabled and in the full time
28 care of a state institution, who is:

29 (i) A natural born child;

30 (ii) A stepchild where that relationship was in existence prior to
31 the date benefits are payable under this chapter;

32 (iii) A posthumous child;

33 (iv) A child legally adopted or made a legal ward of a member prior
34 to the date benefits are payable under this chapter; or

35 (v) An illegitimate child legitimized prior to the date any
36 benefits are payable under this chapter.

37 (b) A person shall also be deemed to be a child up to and including
38 the age of twenty years and eleven months while attending any high

1 school, college, or vocational or other educational institution
2 accredited, licensed, or approved by the state, in which it is located,
3 including the summer vacation months and all other normal and regular
4 vacation periods at the particular educational institution after which
5 the child returns to school.

6 (7) "Department" means the department of retirement systems created
7 in chapter 41.50 RCW.

8 (8) "Director" means the director of the department.

9 (9) "Disability board" for plan 1 members means either the county
10 disability board or the city disability board established in RCW
11 41.26.110.

12 (10) "Disability leave" means the period of six months or any
13 portion thereof during which a member is on leave at an allowance equal
14 to the member's full salary prior to the commencement of disability
15 retirement. The definition contained in this subsection shall apply
16 only to plan 1 members.

17 (11) "Disability retirement" for plan 1 members, means the period
18 following termination of a member's disability leave, during which the
19 member is in receipt of a disability retirement allowance.

20 (12) "Domestic partners" means two adults who have registered as
21 domestic partners under RCW 26.60.020.

22 (13) "Employee" means any law enforcement officer or firefighter as
23 defined in subsections (16) and (18) of this section.

24 (14)(a) "Employer" for plan 1 members, means the legislative
25 authority of any city, town, county, or district or the elected
26 officials of any municipal corporation that employs any law enforcement
27 officer and/or firefighter, any authorized association of such
28 municipalities, and, except for the purposes of RCW 41.26.150, any
29 labor guild, association, or organization, which represents the
30 firefighters or law enforcement officers of at least seven cities of
31 over 20,000 population and the membership of each local lodge or
32 division of which is composed of at least sixty percent law enforcement
33 officers or firefighters as defined in this chapter.

34 (b) "Employer" for plan 2 members, means the following entities to
35 the extent that the entity employs any law enforcement officer and/or
36 firefighter:

37 (i) The legislative authority of any city, town, county, or
38 district;

1 (ii) The elected officials of any municipal corporation;
2 (iii) The governing body of any other general authority law
3 enforcement agency; or

4 (iv) A four-year institution of higher education having a fully
5 operational fire department as of January 1, 1996.

6 (15)(a) "Final average salary" for plan 1 members, means (i) for a
7 member holding the same position or rank for a minimum of twelve months
8 preceding the date of retirement, the basic salary attached to such
9 same position or rank at time of retirement; (ii) for any other member,
10 including a civil service member who has not served a minimum of twelve
11 months in the same position or rank preceding the date of retirement,
12 the average of the greatest basic salaries payable to such member
13 during any consecutive twenty-four month period within such member's
14 last ten years of service for which service credit is allowed, computed
15 by dividing the total basic salaries payable to such member during the
16 selected twenty-four month period by twenty-four; (iii) in the case of
17 disability of any member, the basic salary payable to such member at
18 the time of disability retirement; (iv) in the case of a member who
19 hereafter vests pursuant to RCW 41.26.090, the basic salary payable to
20 such member at the time of vesting.

21 (b) "Final average salary" for plan 2 members, means the monthly
22 average of the member's basic salary for the highest consecutive sixty
23 service credit months of service prior to such member's retirement,
24 termination, or death. Periods constituting authorized unpaid leaves
25 of absence may not be used in the calculation of final average salary.

26 (c) In calculating final average salary under (a) or (b) of this
27 subsection, the department of retirement systems shall include:

28 (i) Any compensation forgone by a member employed by a state agency
29 or institution during the 2009-2011 fiscal biennium as a result of
30 reduced work hours, mandatory or voluntary leave without pay, temporary
31 reduction in pay implemented prior to December 11, 2010, or temporary
32 layoffs if the reduced compensation is an integral part of the
33 employer's expenditure reduction efforts, as certified by the employer;
34 and

35 (ii) Any compensation forgone by a member employed by the state or
36 a local government employer during the 2011-2013 fiscal biennium as a
37 result of reduced work hours, mandatory leave without pay, temporary
38 layoffs, or reductions to current pay if the reduced compensation is an

1 integral part of the employer's expenditure reduction efforts, as
2 certified by the employer. Reductions to current pay shall not include
3 elimination of previously agreed upon future salary increases.

4 (16) "Firefighter" means:

5 (a) Any person who is serving on a full time, fully compensated
6 basis as a member of a fire department of an employer and who is
7 serving in a position which requires passing a civil service
8 examination for firefighter, and who is actively employed as such;

9 (b) Anyone who is actively employed as a full time firefighter
10 where the fire department does not have a civil service examination;

11 (c) Supervisory firefighter personnel;

12 (d) Any full time executive secretary of an association of fire
13 protection districts authorized under RCW 52.12.031. The provisions of
14 this subsection (16)(d) shall not apply to plan 2 members;

15 (e) The executive secretary of a labor guild, association or
16 organization (which is an employer under subsection (14) of this
17 section), if such individual has five years previous membership in a
18 retirement system established in chapter 41.16 or 41.18 RCW. The
19 provisions of this subsection (16)(e) shall not apply to plan 2
20 members;

21 (f) Any person who is serving on a full time, fully compensated
22 basis for an employer, as a fire dispatcher, in a department in which,
23 on March 1, 1970, a dispatcher was required to have passed a civil
24 service examination for firefighter;

25 (g) Any person who on March 1, 1970, was employed on a full time,
26 fully compensated basis by an employer, and who on May 21, 1971, was
27 making retirement contributions under the provisions of chapter 41.16
28 or 41.18 RCW; and

29 (h) Any person who is employed on a full-time, fully compensated
30 basis by an employer as an emergency medical technician.

31 (17) "General authority law enforcement agency" means any agency,
32 department, or division of a municipal corporation, political
33 subdivision, or other unit of local government of this state, and any
34 agency, department, or division of state government, having as its
35 primary function the detection and apprehension of persons committing
36 infractions or violating the traffic or criminal laws in general, but
37 not including the Washington state patrol. Such an agency, department,
38 or division is distinguished from a limited authority law enforcement

1 agency having as one of its functions the apprehension or detection of
2 persons committing infractions or violating the traffic or criminal
3 laws relating to limited subject areas, including but not limited to,
4 the state departments of natural resources and social and health
5 services, the state gambling commission, the state lottery commission,
6 the state parks and recreation commission, the state utilities and
7 transportation commission, the state (~~liquor~~) office of alcohol
8 beverage control (~~board~~), and the state department of corrections.

9 (18) "Law enforcement officer" beginning January 1, 1994, means any
10 person who is commissioned and employed by an employer on a full time,
11 fully compensated basis to enforce the criminal laws of the state of
12 Washington generally, with the following qualifications:

13 (a) No person who is serving in a position that is basically
14 clerical or secretarial in nature, and who is not commissioned shall be
15 considered a law enforcement officer;

16 (b) Only those deputy sheriffs, including those serving under a
17 different title pursuant to county charter, who have successfully
18 completed a civil service examination for deputy sheriff or the
19 equivalent position, where a different title is used, and those persons
20 serving in unclassified positions authorized by RCW 41.14.070 except a
21 private secretary will be considered law enforcement officers;

22 (c) Only such full time commissioned law enforcement personnel as
23 have been appointed to offices, positions, or ranks in the police
24 department which have been specifically created or otherwise expressly
25 provided for and designated by city charter provision or by ordinance
26 enacted by the legislative body of the city shall be considered city
27 police officers;

28 (d) The term "law enforcement officer" also includes the executive
29 secretary of a labor guild, association or organization (which is an
30 employer under subsection (14) of this section) if that individual has
31 five years previous membership in the retirement system established in
32 chapter 41.20 RCW. The provisions of this subsection (18)(d) shall not
33 apply to plan 2 members; and

34 (e) The term "law enforcement officer" also includes a person
35 employed on or after January 1, 1993, as a public safety officer or
36 director of public safety, so long as the job duties substantially
37 involve only either police or fire duties, or both, and no other duties
38 in a city or town with a population of less than ten thousand. The

1 provisions of this subsection (18)(e) shall not apply to any public
2 safety officer or director of public safety who is receiving a
3 retirement allowance under this chapter as of May 12, 1993.

4 (19) "Medical services" for plan 1 members, shall include the
5 following as minimum services to be provided. Reasonable charges for
6 these services shall be paid in accordance with RCW 41.26.150.

7 (a) Hospital expenses: These are the charges made by a hospital,
8 in its own behalf, for

9 (i) Board and room not to exceed semiprivate room rate unless
10 private room is required by the attending physician due to the
11 condition of the patient.

12 (ii) Necessary hospital services, other than board and room,
13 furnished by the hospital.

14 (b) Other medical expenses: The following charges are considered
15 "other medical expenses", provided that they have not been considered
16 as "hospital expenses".

17 (i) The fees of the following:

18 (A) A physician or surgeon licensed under the provisions of chapter
19 18.71 RCW;

20 (B) An osteopathic physician and surgeon licensed under the
21 provisions of chapter 18.57 RCW;

22 (C) A chiropractor licensed under the provisions of chapter 18.25
23 RCW.

24 (ii) The charges of a registered graduate nurse other than a nurse
25 who ordinarily resides in the member's home, or is a member of the
26 family of either the member or the member's spouse.

27 (iii) The charges for the following medical services and supplies:

28 (A) Drugs and medicines upon a physician's prescription;

29 (B) Diagnostic X-ray and laboratory examinations;

30 (C) X-ray, radium, and radioactive isotopes therapy;

31 (D) Anesthesia and oxygen;

32 (E) Rental of iron lung and other durable medical and surgical
33 equipment;

34 (F) Artificial limbs and eyes, and casts, splints, and trusses;

35 (G) Professional ambulance service when used to transport the
36 member to or from a hospital when injured by an accident or stricken by
37 a disease;

1 (H) Dental charges incurred by a member who sustains an accidental
2 injury to his or her teeth and who commences treatment by a legally
3 licensed dentist within ninety days after the accident;

4 (I) Nursing home confinement or hospital extended care facility;

5 (J) Physical therapy by a registered physical therapist;

6 (K) Blood transfusions, including the cost of blood and blood
7 plasma not replaced by voluntary donors;

8 (L) An optometrist licensed under the provisions of chapter 18.53
9 RCW.

10 (20) "Member" means any firefighter, law enforcement officer, or
11 other person as would apply under subsections (16) or (18) of this
12 section whose membership is transferred to the Washington law
13 enforcement officers' and firefighters' retirement system on or after
14 March 1, 1970, and every law enforcement officer and firefighter who is
15 employed in that capacity on or after such date.

16 (21) "Plan 1" means the law enforcement officers' and firefighters'
17 retirement system, plan 1 providing the benefits and funding provisions
18 covering persons who first became members of the system prior to
19 October 1, 1977.

20 (22) "Plan 2" means the law enforcement officers' and firefighters'
21 retirement system, plan 2 providing the benefits and funding provisions
22 covering persons who first became members of the system on and after
23 October 1, 1977.

24 (23) "Position" means the employment held at any particular time,
25 which may or may not be the same as civil service rank.

26 (24) "Regular interest" means such rate as the director may
27 determine.

28 (25) "Retiree" for persons who establish membership in the
29 retirement system on or after October 1, 1977, means any member in
30 receipt of a retirement allowance or other benefit provided by this
31 chapter resulting from service rendered to an employer by such member.

32 (26) "Retirement fund" means the "Washington law enforcement
33 officers' and firefighters' retirement system fund" as provided for
34 herein.

35 (27) "Retirement system" means the "Washington law enforcement
36 officers' and firefighters' retirement system" provided herein.

37 (28)(a) "Service" for plan 1 members, means all periods of
38 employment for an employer as a firefighter or law enforcement officer,

1 for which compensation is paid, together with periods of suspension not
2 exceeding thirty days in duration. For the purposes of this chapter
3 service shall also include service in the armed forces of the United
4 States as provided in RCW 41.26.190. Credit shall be allowed for all
5 service credit months of service rendered by a member from and after
6 the member's initial commencement of employment as a firefighter or law
7 enforcement officer, during which the member worked for seventy or more
8 hours, or was on disability leave or disability retirement. Only
9 service credit months of service shall be counted in the computation of
10 any retirement allowance or other benefit provided for in this chapter.

11 (i) For members retiring after May 21, 1971 who were employed under
12 the coverage of a prior pension act before March 1, 1970, "service"
13 shall also include (A) such military service not exceeding five years
14 as was creditable to the member as of March 1, 1970, under the member's
15 particular prior pension act, and (B) such other periods of service as
16 were then creditable to a particular member under the provisions of RCW
17 41.18.165, 41.20.160, or 41.20.170. However, in no event shall credit
18 be allowed for any service rendered prior to March 1, 1970, where the
19 member at the time of rendition of such service was employed in a
20 position covered by a prior pension act, unless such service, at the
21 time credit is claimed therefor, is also creditable under the
22 provisions of such prior act.

23 (ii) A member who is employed by two employers at the same time
24 shall only be credited with service to one such employer for any month
25 during which the member rendered such dual service.

26 (b) "Service" for plan 2 members, means periods of employment by a
27 member for one or more employers for which basic salary is earned for
28 ninety or more hours per calendar month which shall constitute a
29 service credit month. Periods of employment by a member for one or
30 more employers for which basic salary is earned for at least seventy
31 hours but less than ninety hours per calendar month shall constitute
32 one-half service credit month. Periods of employment by a member for
33 one or more employers for which basic salary is earned for less than
34 seventy hours shall constitute a one-quarter service credit month.

35 Members of the retirement system who are elected or appointed to a
36 state elective position may elect to continue to be members of this
37 retirement system.

1 Service credit years of service shall be determined by dividing the
2 total number of service credit months of service by twelve. Any
3 fraction of a service credit year of service as so determined shall be
4 taken into account in the computation of such retirement allowance or
5 benefits.

6 If a member receives basic salary from two or more employers during
7 any calendar month, the individual shall receive one service credit
8 month's service credit during any calendar month in which multiple
9 service for ninety or more hours is rendered; or one-half service
10 credit month's service credit during any calendar month in which
11 multiple service for at least seventy hours but less than ninety hours
12 is rendered; or one-quarter service credit month during any calendar
13 month in which multiple service for less than seventy hours is
14 rendered.

15 (29) "Service credit month" means a full service credit month or an
16 accumulation of partial service credit months that are equal to one.

17 (30) "Service credit year" means an accumulation of months of
18 service credit which is equal to one when divided by twelve.

19 (31) "State actuary" or "actuary" means the person appointed
20 pursuant to RCW 44.44.010(2).

21 (32) "State elective position" means any position held by any
22 person elected or appointed to statewide office or elected or appointed
23 as a member of the legislature.

24 (33) "Surviving spouse" means the surviving widow or widower of a
25 member. "Surviving spouse" shall not include the divorced spouse of a
26 member except as provided in RCW 41.26.162.

27 **Sec. 159.** RCW 41.37.010 and 2011 1st sp.s. c 5 s 4 and 2011 c 68
28 s 1 are each reenacted and amended to read as follows:

29 The definitions in this section apply throughout this chapter,
30 unless the context clearly requires otherwise.

31 (1) "Accumulated contributions" means the sum of all contributions
32 standing to the credit of a member in the member's individual account,
33 including any amount paid under RCW 41.50.165(2), together with the
34 regular interest thereon.

35 (2) "Actuarial equivalent" means a benefit of equal value when
36 computed upon the basis of such mortality and other tables as may be
37 adopted by the director.

1 (3) "Adjustment ratio" means the value of index A divided by index
2 B.

3 (4) "Annuity" means payments for life derived from accumulated
4 contributions of a member. All annuities shall be paid in monthly
5 installments.

6 (5)(a) "Average final compensation" means the member's average
7 compensation earnable of the highest consecutive sixty months of
8 service credit months prior to such member's retirement, termination,
9 or death. Periods constituting authorized leaves of absence may not be
10 used in the calculation of average final compensation except under RCW
11 41.37.290.

12 (b) In calculating average final compensation under (a) of this
13 subsection, the department of retirement systems shall include:

14 (i) Any compensation forgone by a member employed by a state agency
15 or institution during the 2009-2011 fiscal biennium as a result of
16 reduced work hours, mandatory or voluntary leave without pay, temporary
17 reduction in pay implemented prior to December 11, 2010, or temporary
18 layoffs if the reduced compensation is an integral part of the
19 employer's expenditure reduction efforts, as certified by the employer;
20 and

21 (ii) Any compensation forgone by a member employed by the state or
22 a local government employer during the 2011-2013 fiscal biennium as a
23 result of reduced work hours, mandatory leave without pay, temporary
24 layoffs, or reductions to current pay if the reduced compensation is an
25 integral part of the employer's expenditure reduction efforts, as
26 certified by the employer. Reductions to current pay shall not include
27 elimination of previously agreed upon future salary increases.

28 (6) "Beneficiary" means any person in receipt of a retirement
29 allowance or other benefit provided by this chapter resulting from
30 service rendered to an employer by another person.

31 (7)(a) "Compensation earnable" for members, means salaries or wages
32 earned by a member during a payroll period for personal services,
33 including overtime payments, and shall include wages and salaries
34 deferred under provisions established pursuant to sections 403(b),
35 414(h), and 457 of the United States internal revenue code, but shall
36 exclude nonmoney maintenance compensation and lump sum or other
37 payments for deferred annual sick leave, unused accumulated vacation,
38 unused accumulated annual leave, or any form of severance pay.

1 (b) "Compensation earnable" for members also includes the following
2 actual or imputed payments, which are not paid for personal services:

3 (i) Retroactive payments to an individual by an employer on
4 reinstatement of the employee in a position, or payments by an employer
5 to an individual in lieu of reinstatement, which are awarded or granted
6 as the equivalent of the salary or wage which the individual would have
7 earned during a payroll period shall be considered compensation
8 earnable to the extent provided in this subsection, and the individual
9 shall receive the equivalent service credit;

10 (ii) In any year in which a member serves in the legislature, the
11 member shall have the option of having such member's compensation
12 earnable be the greater of:

13 (A) The compensation earnable the member would have received had
14 such member not served in the legislature; or

15 (B) Such member's actual compensation earnable received for
16 nonlegislative public employment and legislative service combined. Any
17 additional contributions to the retirement system required because
18 compensation earnable under (b)(ii)(A) of this subsection is greater
19 than compensation earnable under (b)(ii)(B) of this subsection shall be
20 paid by the member for both member and employer contributions;

21 (iii) Assault pay only as authorized by RCW 27.04.100, 72.01.045,
22 and 72.09.240;

23 (iv) Compensation that a member would have received but for a
24 disability occurring in the line of duty only as authorized by RCW
25 41.37.060;

26 (v) Compensation that a member receives due to participation in the
27 leave sharing program only as authorized by RCW 41.04.650 through
28 41.04.670; and

29 (vi) Compensation that a member receives for being in standby
30 status. For the purposes of this section, a member is in standby
31 status when not being paid for time actually worked and the employer
32 requires the member to be prepared to report immediately for work, if
33 the need arises, although the need may not arise.

34 (8) "Department" means the department of retirement systems created
35 in chapter 41.50 RCW.

36 (9) "Director" means the director of the department.

37 (10) "Eligible position" means any permanent, full-time position
38 included in subsection (19) of this section.

1 (11) "Employee" or "employed" means a person who is providing
2 services for compensation to an employer, unless the person is free
3 from the employer's direction and control over the performance of work.
4 The department shall adopt rules and interpret this subsection
5 consistent with common law.

6 (12) "Employer" means the Washington state department of
7 corrections, the Washington state parks and recreation commission, the
8 Washington state gambling commission, the Washington state patrol, the
9 Washington state department of natural resources, and the Washington
10 state (~~liquor~~) office of alcohol beverage control (~~board~~); any
11 county corrections department; any city corrections department not
12 covered under chapter 41.28 RCW; and any public corrections entity
13 created under RCW 39.34.030 by counties, cities not covered under
14 chapter 41.28 RCW, or both.

15 (13) "Final compensation" means the annual rate of compensation
16 earnable by a member at the time of termination of employment.

17 (14) "Index" means, for any calendar year, that year's annual
18 average consumer price index, Seattle, Washington area, for urban wage
19 earners and clerical workers, all items, compiled by the bureau of
20 labor statistics, United States department of labor.

21 (15) "Index A" means the index for the year prior to the
22 determination of a postretirement adjustment.

23 (16) "Index B" means the index for the year prior to index A.

24 (17) "Ineligible position" means any position which does not
25 conform with the requirements set forth in subsection (10) of this
26 section.

27 (18) "Leave of absence" means the period of time a member is
28 authorized by the employer to be absent from service without being
29 separated from membership.

30 (19) "Member" means any employee employed by an employer on a full-
31 time basis:

32 (a) Who is in a position that requires completion of a certified
33 criminal justice training course and is authorized by their employer to
34 arrest, conduct criminal investigations, enforce the criminal laws of
35 the state of Washington, and carry a firearm as part of the job;

36 (b) Whose primary responsibility is to ensure the custody and
37 security of incarcerated or probationary individuals as a corrections
38 officer, probation officer, or jailer;

1 (c) Who is a limited authority Washington peace officer, as defined
2 in RCW 10.93.020, for an employer; or

3 (d) Whose primary responsibility is to supervise members eligible
4 under this subsection.

5 (20) "Membership service" means all service rendered as a member.

6 (21) "Pension" means payments for life derived from contributions
7 made by the employer. All pensions shall be paid in monthly
8 installments.

9 (22) "Plan" means the Washington public safety employees'
10 retirement system plan 2.

11 (23) "Regular interest" means such rate as the director may
12 determine.

13 (24) "Retiree" means any person who has begun accruing a retirement
14 allowance or other benefit provided by this chapter resulting from
15 service rendered to an employer while a member.

16 (25) "Retirement" means withdrawal from active service with a
17 retirement allowance as provided by this chapter.

18 (26) "Retirement allowance" means monthly payments to a retiree or
19 beneficiary as provided in this chapter.

20 (27) "Retirement system" means the Washington public safety
21 employees' retirement system provided for in this chapter.

22 (28) "Separation from service" occurs when a person has terminated
23 all employment with an employer.

24 (29) "Service" means periods of employment by a member on or after
25 July 1, 2006, for one or more employers for which compensation earnable
26 is paid. Compensation earnable earned for ninety or more hours in any
27 calendar month shall constitute one service credit month. Compensation
28 earnable earned for at least seventy hours but less than ninety hours
29 in any calendar month shall constitute one-half service credit month of
30 service. Compensation earnable earned for less than seventy hours in
31 any calendar month shall constitute one-quarter service credit month of
32 service. Time spent in standby status, whether compensated or not, is
33 not service.

34 Any fraction of a year of service shall be taken into account in
35 the computation of such retirement allowance or benefits.

36 (a) Service in any state elective position shall be deemed to be
37 full-time service.

1 (b) A member shall receive a total of not more than twelve service
2 credit months of service for such calendar year. If an individual is
3 employed in an eligible position by one or more employers the
4 individual shall receive no more than one service credit month during
5 any calendar month in which multiple service for ninety or more hours
6 is rendered.

7 (30) "Service credit month" means a month or an accumulation of
8 months of service credit which is equal to one.

9 (31) "Service credit year" means an accumulation of months of
10 service credit which is equal to one when divided by twelve.

11 (32) "State actuary" or "actuary" means the person appointed
12 pursuant to RCW 44.44.010(2).

13 (33) "State elective position" means any position held by any
14 person elected or appointed to statewide office or elected or appointed
15 as a member of the legislature.

16 (34) "State treasurer" means the treasurer of the state of
17 Washington.

18 **Sec. 160.** RCW 41.37.015 and 2004 c 242 s 3 are each amended to
19 read as follows:

20 A retirement system is hereby created for public safety employees
21 of the Washington state department of corrections, the Washington state
22 parks and recreation commission, the Washington state gambling
23 commission, the Washington state patrol, the Washington state
24 (~~liquor~~) office of alcohol beverage control (~~board~~), county
25 corrections departments, and city corrections departments not covered
26 under chapter 41.28 RCW. The administration and management of the
27 retirement system, the responsibility for making effective the
28 provisions of this chapter, and the authority to make all rules
29 necessary therefor are hereby vested in the department. All rules
30 shall be governed by chapter 34.05 RCW. This retirement system shall
31 be known as the Washington public safety employees' retirement system.

32 **Sec. 161.** RCW 41.40.023 and 2010 c 80 s 1 are each amended to read
33 as follows:

34 Membership in the retirement system shall consist of all regularly
35 compensated employees and appointive and elective officials of
36 employers, as defined in this chapter, with the following exceptions:

1 (1) Persons in ineligible positions;

2 (2) Employees of the legislature except the officers thereof
3 elected by the members of the senate and the house and legislative
4 committees, unless membership of such employees be authorized by the
5 said committee;

6 (3)(a) Persons holding elective offices or persons appointed
7 directly by the governor: PROVIDED, That such persons shall have the
8 option of applying for membership during such periods of employment:
9 AND PROVIDED FURTHER, That any persons holding or who have held
10 elective offices or persons appointed by the governor who are members
11 in the retirement system and who have, prior to becoming such members,
12 previously held an elective office, and did not at the start of such
13 initial or successive terms of office exercise their option to become
14 members, may apply for membership to be effective during such term or
15 terms of office, and shall be allowed to establish the service credit
16 applicable to such term or terms of office upon payment of the employee
17 contributions therefor by the employee with interest as determined by
18 the director and employer contributions therefor by the employer or
19 employee with interest as determined by the director: AND PROVIDED
20 FURTHER, That all contributions with interest submitted by the employee
21 under this subsection shall be placed in the employee's individual
22 account in the employee's savings fund and be treated as any other
23 contribution made by the employee, with the exception that any
24 contributions submitted by the employee in payment of the employer's
25 obligation, together with the interest the director may apply to the
26 employer's contribution, shall not be considered part of the member's
27 annuity for any purpose except withdrawal of contributions;

28 (b) A member holding elective office who has elected to apply for
29 membership pursuant to (a) of this subsection and who later wishes to
30 be eligible for a retirement allowance shall have the option of ending
31 his or her membership in the retirement system. A member wishing to
32 end his or her membership under this subsection must file, on a form
33 supplied by the department, a statement indicating that the member
34 agrees to irrevocably abandon any claim for service for future periods
35 served as an elected official. A member who receives more than fifteen
36 thousand dollars per year in compensation for his or her elective
37 service, adjusted annually for inflation by the director, is not
38 eligible for the option provided by this subsection (3)(b);

1 (4) Employees holding membership in, or receiving pension benefits
2 under, any retirement plan operated wholly or in part by an agency of
3 the state or political subdivision thereof, or who are by reason of
4 their current employment contributing to or otherwise establishing the
5 right to receive benefits from any such retirement plan except as
6 follows:

7 (a) In any case where the retirement system has in existence an
8 agreement with another retirement system in connection with exchange of
9 service credit or an agreement whereby members can retain service
10 credit in more than one system, such an employee shall be allowed
11 membership rights should the agreement so provide;

12 (b) An employee shall be allowed membership if otherwise eligible
13 while receiving survivor's benefits;

14 (c) An employee shall not either before or after June 7, 1984, be
15 excluded from membership or denied service credit pursuant to this
16 subsection solely on account of: (i) Membership in the plan created
17 under chapter 2.14 RCW; or (ii) enrollment under the relief and
18 compensation provisions or the pension provisions of the volunteer
19 firefighters' relief and pension fund under chapter 41.24 RCW;

20 (d) Except as provided in RCW 41.40.109, on or after July 25, 1999,
21 an employee shall not be excluded from membership or denied service
22 credit pursuant to this subsection solely on account of participation
23 in a defined contribution pension plan qualified under section 401 of
24 the internal revenue code;

25 (e) Employees who have been reported in the retirement system prior
26 to July 25, 1999, and who participated during the same period of time
27 in a defined contribution pension plan qualified under section 401 of
28 the internal revenue code and operated wholly or in part by the
29 employer, shall not be excluded from previous retirement system
30 membership and service credit on account of such participation;

31 (5) Patient and inmate help in state charitable, penal, and
32 correctional institutions;

33 (6) "Members" of a state veterans' home or state soldiers' home;

34 (7) Persons employed by an institution of higher learning or
35 community college, primarily as an incident to and in furtherance of
36 their education or training, or the education or training of a spouse;

37 (8) Employees of an institution of higher learning or community

1 college during the period of service necessary to establish eligibility
2 for membership in the retirement plans operated by such institutions;

3 (9) Persons rendering professional services to an employer on a
4 fee, retainer, or contract basis or when the income from these services
5 is less than fifty percent of the gross income received from the
6 person's practice of a profession;

7 (10) Persons appointed after April 1, 1963, by the (~~liquor~~)
8 office of alcohol beverage control (~~board~~) as contract liquor store
9 managers;

10 (11) Employees of a labor guild, association, or organization:
11 PROVIDED, That elective officials and employees of a labor guild,
12 association, or organization which qualifies as an employer within this
13 chapter shall have the option of applying for membership;

14 (12) Retirement system retirees: PROVIDED, That following
15 reemployment in an eligible position, a retiree may elect to
16 prospectively become a member of the retirement system if otherwise
17 eligible;

18 (13) Persons employed by or appointed or elected as an official of
19 a first class city that has its own retirement system: PROVIDED, That
20 any member elected or appointed to an elective office on or after April
21 1, 1971, shall have the option of continuing as a member of this system
22 in lieu of becoming a member of the city system. A member who elects
23 to continue as a member of this system shall pay the appropriate member
24 contributions and the city shall pay the employer contributions at the
25 rates prescribed by this chapter. The city shall also transfer to this
26 system all of such member's accumulated contributions together with
27 such further amounts as necessary to equal all employee and employer
28 contributions which would have been paid into this system on account of
29 such service with the city and thereupon the member shall be granted
30 credit for all such service. Any city that becomes an employer as
31 defined in RCW 41.40.010(13) as the result of an individual's election
32 under this subsection shall not be required to have all employees
33 covered for retirement under the provisions of this chapter. Nothing
34 in this subsection shall prohibit a city of the first class with its
35 own retirement system from: (a) Transferring all of its current
36 employees to the retirement system established under this chapter, or
37 (b) allowing newly hired employees the option of continuing coverage
38 under the retirement system established by this chapter.

1 Notwithstanding any other provision of this chapter, persons
2 transferring from employment with a first class city of over four
3 hundred thousand population that has its own retirement system to
4 employment with the state department of agriculture may elect to remain
5 within the retirement system of such city and the state shall pay the
6 employer contributions for such persons at like rates as prescribed for
7 employers of other members of such system;

8 (14) Employees who (a) are not citizens of the United States, (b)
9 do not reside in the United States, and (c) perform duties outside of
10 the United States;

11 (15) Employees who (a) are not citizens of the United States, (b)
12 are not covered by chapter 41.48 RCW, (c) are not excluded from
13 membership under this chapter or chapter 41.04 RCW, (d) are residents
14 of this state, and (e) make an irrevocable election to be excluded from
15 membership, in writing, which is submitted to the director within
16 thirty days after employment in an eligible position;

17 (16) Employees who are citizens of the United States and who reside
18 and perform duties for an employer outside of the United States:
19 PROVIDED, That unless otherwise excluded under this chapter or chapter
20 41.04 RCW, the employee may apply for membership (a) within thirty days
21 after employment in an eligible position and membership service credit
22 shall be granted from the first day of membership service, and (b)
23 after this thirty-day period, but membership service credit shall be
24 granted only if payment is made for the noncredited membership service
25 under RCW 41.50.165(2), otherwise service shall be from the date of
26 application;

27 (17) The city manager or chief administrative officer of a city or
28 town, other than a retiree, who serves at the pleasure of an appointing
29 authority: PROVIDED, That such persons shall have the option of
30 applying for membership within thirty days from date of their
31 appointment to such positions. Persons serving in such positions as of
32 April 4, 1986, shall continue to be members in the retirement system
33 unless they notify the director in writing prior to December 31, 1986,
34 of their desire to withdraw from membership in the retirement system.
35 A member who withdraws from membership in the system under this section
36 shall receive a refund of the member's accumulated contributions.

37 Persons serving in such positions who have not opted for membership

1 within the specified thirty days, may do so by paying the amount
2 required under RCW 41.50.165(2) for the period from the date of their
3 appointment to the date of acceptance into membership;

4 (18) Persons serving as: (a) The chief administrative officer of
5 a public utility district as defined in RCW 54.16.100; (b) the chief
6 administrative officer of a port district formed under chapter 53.04
7 RCW; or (c) the chief administrative officer of a county who serves at
8 the pleasure of an appointing authority: PROVIDED, That such persons
9 shall have the option of applying for membership within thirty days
10 from the date of their appointment to such positions. Persons serving
11 in such positions as of July 25, 1999, shall continue to be members in
12 the retirement system unless they notify the director in writing prior
13 to December 31, 1999, of their desire to withdraw from membership in
14 the retirement system. A member who withdraws from membership in the
15 system under this section shall receive a refund of the member's
16 accumulated contributions upon termination of employment or as
17 otherwise consistent with the plan's tax qualification status as
18 defined in internal revenue code section 401.

19 Persons serving in such positions who have not opted for membership
20 within the specified thirty days, may do so at a later date by paying
21 the amount required under RCW 41.50.165(2) for the period from the date
22 of their appointment to the date of acceptance into membership;

23 (19) Persons enrolled in state-approved apprenticeship programs,
24 authorized under chapter 49.04 RCW, and who are employed by local
25 governments to earn hours to complete such apprenticeship programs, if
26 the employee is a member of a union-sponsored retirement plan and is
27 making contributions to such a retirement plan or if the employee is a
28 member of a Taft-Hartley retirement plan;

29 (20) Beginning on July 22, 2001, persons employed exclusively as
30 trainers or trainees in resident apprentice training programs operated
31 by housing authorities authorized under chapter 35.82 RCW, (a) if the
32 trainer or trainee is a member of a union-sponsored retirement plan and
33 is making contributions to such a retirement plan or (b) if the
34 employee is a member of a Taft-Hartley retirement plan;

35 (21) Employees who are removed from membership under RCW 41.40.823
36 or 41.40.633; and

37 (22) Persons employed as the state director of fire protection
38 under RCW 43.43.938 who were previously members of the law enforcement

1 officers' and firefighters' retirement system plan 2 under chapter
2 41.26 RCW may continue as a member of the law enforcement officers' and
3 firefighters' retirement system in lieu of becoming a member of this
4 system.

5 **Sec. 162.** RCW 42.16.010 and 2011 1st sp.s. c 43 s 446 are each
6 amended to read as follows:

7 (1) Except as provided otherwise in subsections (2) and (3) of this
8 section, all state officers and employees shall be paid for services
9 rendered from the first day of the month through the fifteenth day of
10 the month and for services rendered from the sixteenth day of the month
11 through the last calendar day of the month. Paydates for these two pay
12 periods shall be established by the director of financial management
13 through the administrative hearing process and the official paydates
14 shall be established six months prior to the beginning of each
15 subsequent calendar year. Under no circumstance shall the paydate be
16 established more than ten days after the pay period in which the wages
17 are earned except when the designated paydate falls on Sunday, in which
18 case the paydate shall not be later than the following Monday. Payment
19 shall be deemed to have been made by the established paydates if: (a)
20 The salary warrant is available at the geographic work location at
21 which the warrant is normally available to the employee; or (b) the
22 salary has been electronically transferred into the employee's account
23 at the employee's designated financial institution; or (c) the salary
24 warrants are mailed at least two days before the established paydate
25 for those employees engaged in work in remote or varying locations from
26 the geographic location at which the payroll is prepared, provided that
27 the employee has requested payment by mail.

28 The office of financial management shall develop the necessary
29 policies and operating procedures to assure that all remuneration for
30 services rendered including basic salary, shift differential, standby
31 pay, overtime, penalty pay, salary due based on contractual agreements,
32 and special pay provisions, as provided for by law, agency policy or
33 rule, or contract, shall be available to the employee on the designated
34 paydate. Overtime, penalty pay, and special pay provisions may be paid
35 by the next following paydate if the postponement of payment is
36 attributable to: The employee's not making a timely or accurate report

1 of the facts which are the basis for the payment, or the employer's
2 lack of reasonable opportunity to verify the claim.

3 Compensable benefits payable because of separation from state
4 service shall be paid with the earnings for the final period worked
5 unless the employee separating has not provided the agency with the
6 proper notification of intent to terminate.

7 One-half of the employee's basic monthly salary shall be paid in
8 each pay period. Employees paid on an hourly basis or employees who
9 work less than a full pay period shall be paid for actual salary
10 earned.

11 (2) Subsection (1) of this section shall not apply in instances
12 where it would conflict with contractual rights or, with the approval
13 of the office of financial management, to short-term, intermittent,
14 noncareer state employees, to student employees of institutions of
15 higher education, to national or state guard members participating in
16 state active duty, and to (~~liquor~~) office of alcohol beverage control
17 agency managers who are paid a percentage of monthly liquor sales.

18 (3) When a national or state guard member is called to participate
19 in state active duty, the paydate shall be no more than seven days
20 following completion of duty or the end of the pay period, whichever is
21 first. When the seventh day falls on Sunday, the paydate shall not be
22 later than the following Monday. This subsection shall apply only to
23 the pay a national or state guard member receives from the military
24 department for state active duty.

25 (4) Notwithstanding subsections (1) and (2) of this section, a
26 bargained contract at an institution of higher education may include a
27 provision for paying part-time academic employees on a pay schedule
28 that coincides with all the paydays used for full-time academic
29 employees.

30 **Sec. 163.** RCW 42.17A.705 and 2011 1st sp.s. c 43 s 109 are each
31 amended to read as follows:

32 For the purposes of RCW 42.17A.700, "executive state officer"
33 includes:

34 (1) The chief administrative law judge, the director of
35 agriculture, the director of the department of services for the blind,
36 the chief information officer of the office of chief information
37 officer, the director of the state system of community and technical

1 colleges, the director of commerce, the director of the consolidated
2 technology services agency, the secretary of corrections, the director
3 of early learning, the director of ecology, the commissioner of
4 employment security, the chair of the energy facility site evaluation
5 council, the director of enterprise services, the secretary of the
6 state finance committee, the director of financial management, the
7 director of fish and wildlife, the executive secretary of the forest
8 practices appeals board, the director of the gambling commission, the
9 secretary of health, the administrator of the Washington state health
10 care authority, the executive secretary of the health care facilities
11 authority, the executive secretary of the higher education facilities
12 authority, the executive secretary of the horse racing commission, the
13 human resources director, the executive secretary of the human rights
14 commission, the executive secretary of the indeterminate sentence
15 review board, the executive director of the state investment board, the
16 director of labor and industries, the director of licensing, the
17 director of the lottery commission, the director of the office of
18 alcohol beverage control, the director of the office of minority and
19 women's business enterprises, the director of parks and recreation, the
20 executive director of the public disclosure commission, the executive
21 director of the Puget Sound partnership, the director of the recreation
22 and conservation office, the director of retirement systems, the
23 director of revenue, the secretary of social and health services, the
24 chief of the Washington state patrol, the executive secretary of the
25 board of tax appeals, the secretary of transportation, the secretary of
26 the utilities and transportation commission, the director of veterans
27 affairs, the president of each of the regional and state universities
28 and the president of The Evergreen State College, and each district and
29 each campus president of each state community college;

30 (2) Each professional staff member of the office of the governor;

31 (3) Each professional staff member of the legislature; and

32 (4) Central Washington University board of trustees, the boards of
33 trustees of each community college and each technical college, each
34 member of the state board for community and technical colleges, state
35 convention and trade center board of directors, Eastern Washington
36 University board of trustees, Washington economic development finance
37 authority, Washington energy northwest executive board, The Evergreen
38 State College board of trustees, executive ethics board, fish and

1 wildlife commission, forest practices appeals board, forest practices
2 board, gambling commission, Washington health care facilities
3 authority, higher education coordinating board, higher education
4 facilities authority, horse racing commission, state housing finance
5 commission, human rights commission, indeterminate sentence review
6 board, board of industrial insurance appeals, state investment board,
7 commission on judicial conduct, legislative ethics board, life sciences
8 discovery fund authority board of trustees, (~~liquor control board,~~)
9 lottery commission, Pacific Northwest electric power and conservation
10 planning council, parks and recreation commission, Washington personnel
11 resources board, board of pilotage commissioners, pollution control
12 hearings board, public disclosure commission, public employees'
13 benefits board, recreation and conservation funding board, salmon
14 recovery funding board, shorelines hearings board, board of tax
15 appeals, transportation commission, University of Washington board of
16 regents, utilities and transportation commission, Washington State
17 University board of regents, and Western Washington University board of
18 trustees.

19 **Sec. 164.** RCW 43.06.455 and 2001 c 235 s 2 are each amended to
20 read as follows:

21 (1) The governor may enter into cigarette tax contracts concerning
22 the sale of cigarettes. All cigarette tax contracts shall meet the
23 requirements for cigarette tax contracts under this section. Except
24 for cigarette tax contracts under RCW 43.06.460, the rates, revenue
25 sharing, and exemption terms of a cigarette tax contract are not
26 effective unless authorized in a bill enacted by the legislature.

27 (2) Cigarette tax contracts shall be in regard to retail sales in
28 which Indian retailers make delivery and physical transfer of
29 possession of the cigarettes from the seller to the buyer within Indian
30 country, and are not in regard to transactions by non-Indian retailers.
31 In addition, contracts shall provide that retailers shall not sell or
32 give, or permit to be sold or given, cigarettes to any person under the
33 age of eighteen years.

34 (3) A cigarette tax contract with a tribe shall provide for a
35 tribal cigarette tax in lieu of all state cigarette taxes and state and
36 local sales and use taxes on sales of cigarettes in Indian country by

1 Indian retailers. The tribe may allow an exemption for sales to tribal
2 members.

3 (4) Cigarette tax contracts shall provide that all cigarettes
4 possessed or sold by a retailer shall bear a cigarette stamp obtained
5 by wholesalers from a bank or other suitable stamp vendor and applied
6 to the cigarettes. The procedures to be used by the tribe in obtaining
7 tax stamps must include a means to assure that the tribal tax will be
8 paid by the wholesaler obtaining such cigarettes. Tribal stamps must
9 have serial numbers or some other discrete identification so that each
10 stamp can be traced to its source.

11 (5) Cigarette tax contracts shall provide that retailers shall
12 purchase cigarettes only from:

13 (a) Wholesalers or manufacturers licensed to do business in the
14 state of Washington;

15 (b) Out-of-state wholesalers or manufacturers who, although not
16 licensed to do business in the state of Washington, agree to comply
17 with the terms of the cigarette tax contract, are certified to the
18 state as having so agreed, and who do in fact so comply. However, the
19 state may in its sole discretion exercise its administrative and
20 enforcement powers over such wholesalers or manufacturers to the extent
21 permitted by law;

22 (c) A tribal wholesaler that purchases only from a wholesaler or
23 manufacturer described in (a), (b), or (d) of this subsection; and

24 (d) A tribal manufacturer.

25 (6) Cigarette tax contracts shall be for renewable periods of no
26 more than eight years. A renewal may not include a renewal of the
27 phase-in period.

28 (7) Cigarette tax contracts shall include provisions for
29 compliance, such as transport and notice requirements, inspection
30 procedures, stamping requirements, recordkeeping, and audit
31 requirements.

32 (8) Tax revenue retained by a tribe must be used for essential
33 government services. Use of tax revenue for subsidization of cigarette
34 and food retailers is prohibited.

35 (9) The cigarette tax contract may include provisions to resolve
36 disputes using a nonjudicial process, such as mediation.

37 (10) The governor may delegate the power to negotiate cigarette tax

1 contracts to the department of revenue. The department of revenue
2 shall consult with the ((~~liquor~~)) office of alcohol beverage control
3 ((~~board~~)) during the negotiations.

4 (11) Information received by the state or open to state review
5 under the terms of a contract is subject to the provisions of RCW
6 82.32.330.

7 (12) It is the intent of the legislature that the ((~~liquor~~)) office
8 of alcohol beverage control ((~~board~~)) and the department of revenue
9 continue the division of duties and shared authority under chapter
10 82.24 RCW and therefore the ((~~liquor~~)) office of alcohol beverage
11 control ((~~board~~)) is responsible for enforcement activities that come
12 under the terms of chapter 82.24 RCW.

13 (13) Each cigarette tax contract shall include a procedure for
14 notifying the other party that a violation has occurred, a procedure
15 for establishing whether a violation has in fact occurred, an
16 opportunity to correct such violation, and a provision providing for
17 termination of the contract should the violation fail to be resolved
18 through this process, such termination subject to mediation should the
19 terms of the contract so allow. A contract shall provide for
20 termination of the contract if resolution of a dispute does not occur
21 within twenty-four months from the time notification of a violation has
22 occurred. Intervening violations do not extend this time period. In
23 addition, the contract shall include provisions delineating the
24 respective roles and responsibilities of the tribe, the department of
25 revenue, and the ((~~liquor~~)) office of alcohol beverage control
26 ((~~board~~)).

27 (14) For purposes of this section and RCW 43.06.460, 82.08.0316,
28 82.12.0316, and 82.24.295:

29 (a) "Essential government services" means services such as tribal
30 administration, public facilities, fire, police, public health,
31 education, job services, sewer, water, environmental and land use,
32 transportation, utility services, and economic development;

33 (b) "Indian retailer" or "retailer" means (i) a retailer wholly
34 owned and operated by an Indian tribe, (ii) a business wholly owned and
35 operated by a tribal member and licensed by the tribe, or (iii) a
36 business owned and operated by the Indian person or persons in whose
37 name the land is held in trust; and

1 (c) "Indian tribe" or "tribe" means a federally recognized Indian
2 tribe located within the geographical boundaries of the state of
3 Washington.

4 **Sec. 165.** RCW 43.06.465 and 2005 c 11 s 2 are each amended to read
5 as follows:

6 (1) The governor may enter into a cigarette tax agreement with the
7 Puyallup Tribe of Indians concerning the sale of cigarettes, subject to
8 the limitations in this section. The legislature intends to address
9 the uniqueness of the Puyallup Indian reservation and its selling
10 environment through pricing and compliance strategies, rather than
11 through the imposition of equivalent taxes. It is the legislature's
12 intent (a) that an increase in prices through a flat tax will reduce
13 much of the competitive advantage that has historically existed due to
14 the discrepancy in the difference between state and tribal taxes, and
15 (b) that the tribal retailers can remain in business under the changed
16 circumstances. The governor may delegate the authority to negotiate a
17 cigarette tax agreement with the Puyallup Tribe to the department of
18 revenue. The department of revenue shall consult with the (~~liquor~~)
19 office of alcohol beverage control (~~board~~) during the negotiations.

20 (2) Any agreement must require the tribe to impose a tax of eleven
21 dollars and seventy-five cents on each carton of cigarettes, with ten
22 packs a carton and twenty cigarettes per pack being the industry
23 standard. This tax shall be prorated for cartons and packs that are
24 nonstandard. This tribal tax is in lieu of the combined state and
25 local sales and use taxes, and state cigarette taxes, and as such these
26 state taxes are not imposed during the term of the agreement on any
27 transaction governed by the agreement. The tribal tax shall increase
28 or decrease by the same dollar amount as any increase or decrease in
29 the state cigarette tax.

30 (3) The agreement must include a provision requiring the tribe to
31 transmit thirty percent of the tribal tax revenue on all cigarette
32 sales to the state. The funds shall be transmitted to the state
33 treasurer on a quarterly basis for deposit by the state treasurer into
34 the general fund. The remaining tribal tax revenue must be used for
35 essential government services, as that term is defined in RCW
36 43.06.455.

1 (4) The agreement is limited to retail sales in which Indian
2 retailers make delivery and physical transfer of possession of the
3 cigarettes from the seller to the buyer within Indian country, and are
4 not in regard to transactions by non-Indian retailers. In addition,
5 agreements shall provide that retailers shall not sell or give, or
6 permit to be sold or given, cigarettes to any person under the age of
7 eighteen years.

8 (5)(a) The agreement must include a provision to price and sell the
9 cigarettes so that the retail selling price is not less than the price
10 paid by the retailer for the cigarettes.

11 (b) The tribal tax is in addition to the retail selling price.

12 (c) The agreement must include a provision to assure the price paid
13 to the retailer includes the tribal tax, as evidenced by the tribe's
14 cigarette stamp.

15 (d) If the tribe is acting as a wholesaler to tribal retailers, the
16 retail selling price must not be less than the price the tribe paid for
17 such cigarettes plus the tribal tax, as evidenced by the tribe's
18 cigarette stamp.

19 (6)(a) The agreement must include provisions regarding enforcement
20 and compliance by the tribe in regard to enrolled tribal members who
21 sell cigarettes and shall describe the individual and joint
22 responsibilities of the tribe, the department of revenue, and the
23 (~~liquor~~) office of alcohol beverage control (~~board~~).

24 (b) The agreement must include provisions for tax administration
25 and compliance, such as transport and notice requirements, inspection
26 procedures, stamping requirements, recordkeeping, and audit
27 requirements.

28 (c) The agreement must include provisions for sharing of
29 information among the tribe, the department of revenue, and the
30 (~~liquor~~) office of alcohol beverage control (~~board~~).

31 (7) The agreement must provide that all cigarettes possessed or
32 sold by a tribal retailer shall bear a tribal cigarette stamp obtained
33 by wholesalers from a bank or other suitable stamp vendor and applied
34 to the cigarettes. Tribal stamps must have serial numbers or some
35 other discrete identification so that each stamp can be traced to its
36 source.

37 (8) The agreement must provide that retailers shall purchase

1 cigarettes only from wholesalers or manufacturers licensed to do
2 business in the state of Washington.

3 (9) The agreement must be for a renewable period of no more than
4 eight years.

5 (10) The agreement must include provisions to resolve disputes
6 using a nonjudicial process, such as mediation, and shall include a
7 dispute resolution protocol. The protocol shall include a procedure
8 for notifying the other party that a violation has occurred, a
9 procedure for establishing whether a violation has in fact occurred, an
10 opportunity to correct such violation, and a provision providing for
11 termination of the agreement should the violation fail to be resolved
12 through this process, such termination subject to mediation should the
13 terms of the agreement so allow. An agreement must provide for
14 termination of the agreement if resolution of a dispute does not occur
15 within twenty-four months from the time notification of a violation has
16 occurred. Intervening violations do not extend this time period.

17 (11) The agreement may not include any provisions that impact the
18 state's share of the master settlement agreement, and as such this
19 agreement does not authorize negotiation regarding a redistribution of
20 the state's proceeds under the master settlement agreement.

21 (12) Information received by the state or open to state review
22 under the terms of an agreement is subject to RCW 82.32.330.

23 (13) It is the intent of the legislature that the (~~liquor~~) office
24 of alcohol beverage control (~~board~~) and the department of revenue
25 continue the division of duties and shared authority under chapter
26 82.24 RCW.

27 (14) For purposes of this section:

28 (a) "Indian country" has the same meaning as in chapter 82.24 RCW.

29 (b) "Indian retailer" or "retailer" means (i) a retailer wholly
30 owned and operated by an Indian tribe or (ii) a business wholly owned
31 and operated by an enrolled tribal member and licensed by the tribe.

32 (c) "Indian tribe" or "tribe" means the Puyallup Tribe of Indians,
33 which is a federally recognized Indian tribe located within the
34 geographical boundaries of the state of Washington.

35 **Sec. 166.** RCW 43.06.466 and 2008 c 228 s 1 are each amended to
36 read as follows:

37 (1) The legislature finds that entering into a cigarette tax

1 agreement with the Yakama Nation is a positive step and that such an
2 agreement will support a stable and orderly environment on the Yakima
3 Reservation for regulation of cigarette sales. The legislature further
4 finds that the very special circumstances of the Yakama Nation pursuant
5 to the Treaty with the Yakamas of 1855 (12 Stat. 951) support a
6 cigarette tax agreement that reflects those circumstances. The
7 legislature also finds that the provisions of the agreement with the
8 Yakama Nation authorized by chapter 228, Laws of 2008 are reasonably
9 necessary to prevent fraudulent transactions and place a minimal burden
10 on the Yakama Nation, pursuant to the United States supreme court's
11 decision in *Washington v. Confederated Tribes of the Colville Indian*
12 *Reservation*, 447 U.S. 134 (1980).

13 It is the intent of the legislature that the cigarette tax
14 agreement with the Yakama Nation reflects the uniqueness of the Yakama
15 Nation's Treaty through specific terms that govern pricing of
16 cigarettes, tribal cigarette tax revenue, information sharing, and
17 administration of the agreement.

18 (2) For purposes of this section:

19 (a) "Cigarette" has the same meaning as in chapter 82.24 RCW; and

20 (b) "Tribal retailer" means a cigarette retailer as that term is
21 defined in RCW 82.24.010 that is licensed by and located within the
22 jurisdiction of the Yakama Nation and is wholly owned by the Yakama
23 Nation or any of its enrolled members.

24 (3) The governor may enter into a cigarette tax agreement with the
25 Yakama Nation, a federally recognized Indian tribe located within the
26 geographical boundaries of the state of Washington, concerning the sale
27 of cigarettes, subject to the provisions of this section. The governor
28 may delegate the authority to negotiate the agreement to the department
29 of revenue.

30 (4) The agreement must be for a renewable period of no more than
31 eight years.

32 (5) All cigarettes possessed or sold by tribal retailers must be
33 subject to the agreement, except cigarettes manufactured within the
34 jurisdiction of the Yakama Nation by the Yakama Nation or its enrolled
35 members.

36 (6) The agreement must allow the Yakama Nation to exempt its
37 enrolled members from the tribal cigarette tax imposed under subsection

38 (7) of this section.

1 (a) Sales of cigarettes exempt under this subsection must be
2 subject to the requirements of subsection (9) of this section.

3 (b) The exemption must be provided only at the point of sale and
4 reimbursement provided to the tribal retailer by the Yakama Nation.

5 (7) The agreement must require the Yakama Nation to impose and
6 maintain in effect on the sale of cigarettes by tribal retailers a tax
7 as provided in this subsection.

8 (a) The rate of tax will be expressed in dollars and cents and must
9 be the percentage of tax imposed by the state under chapter 82.24 RCW
10 for the period of the agreement as stated (~~here~~) in this section:

11 (i) Eighty percent during the first six years;

12 (ii) Eighty-four percent during the seventh year; and

13 (iii) Eighty-seven and six-tenths percent during the eighth year.

14 (b) The tax must be imposed on each carton, or portion of a carton,
15 of cigarettes, with ten packs per carton and twenty cigarettes per pack
16 being the industry standard, and prorated for cartons and packs that
17 are not standard.

18 (c) The tax must be in lieu of the combined state and local sales
19 and use taxes, and state cigarette taxes, and, as provided in RCW
20 82.24.302, 82.08.0316, and 82.12.0316, the taxes imposed by chapters
21 82.08, 82.12, and 82.24 RCW do not apply during the term of the
22 agreement on any transaction governed by the agreement.

23 (d) Throughout the term of the agreement and any renewal of the
24 agreement, the tax must increase or decrease in correspondence with the
25 state cigarette tax by applying the percentages in (a) of this
26 subsection.

27 (8) The revenue generated by the tax imposed under subsection (7)
28 of this section must be used by the Yakama Nation for essential
29 government services, as that term is defined in RCW 43.06.455.

30 (9) All cigarettes possessed or sold by a tribal retailer must bear
31 a tribal cigarette tax stamp as provided in this subsection.

32 (a) The Yakama Nation may act as its own stamp vendor, subject to
33 meeting reasonable requirements for internal controls.

34 (b) The stamps must have serial numbers or other discrete
35 identification that allow stamps to be traced to their source.

36 (10) The price paid by the tribal retailer to the wholesaler must
37 not be less than the total of the price paid by the Yakama Nation or

1 other wholesaler and the tax imposed under subsection (7) of this
2 section.

3 (11) The retail selling price of cigarettes sold by tribal
4 retailers must not be less than the price paid by them under subsection
5 (10) of this section.

6 (12) Tribal retailers must not sell or give, or permit to be sold
7 or given, cigarettes to any person under the age of eighteen years.

8 (13) The authority and the individual and joint responsibility of
9 the Yakama Nation, the department of revenue, and the (~~liquor~~) office
10 of alcohol beverage control (~~board~~) for administration and
11 enforcement must be specified in the agreement including, but not
12 limited to, requirements regarding transport of cigarettes, keeping of
13 records, reporting, notice, inspection, audit, and mutual exchange of
14 information.

15 (a) Requirements must provide for sharing of information regarding
16 transport of cigarettes in the state of Washington by the Yakama Nation
17 or its enrolled members, reporting of information on sales to customers
18 located outside the jurisdiction of the Yakama Nation, and authority
19 for unannounced inspection by the state of tribal retailers to verify
20 compliance with stamping and pricing provisions.

21 (b) Information received by the state or open to state review under
22 the terms of the agreement is subject to RCW 82.32.330.

23 (14) The agreement must provide for resolution of disputes using a
24 nonjudicial process, such as mediation, and establish a dispute
25 resolution protocol that includes the following elements:

26 (a) A procedure for notifying the other party that a violation has
27 occurred;

28 (b) A procedure for establishing whether a violation has in fact
29 occurred;

30 (c) An opportunity to correct the violation;

31 (d) A procedure for terminating the agreement in the event of a
32 failure to correct the violation, such termination subject to mediation
33 should the terms of the agreement so allow; and

34 (e) Termination of the agreement for cause.

35 (15) The agreement may not include any provisions that impact the
36 state's share of the master settlement agreement or concern
37 redistribution of the state's proceeds under the master settlement
38 agreement.

1 (16) The department of revenue may share with the Yakama Nation tax
2 information under RCW 82.32.330 that is necessary for the Yakama
3 Nation's compliance with the agreement.

4 **Sec. 167.** RCW 43.82.010 and 2007 c 506 s 8 are each amended to
5 read as follows:

6 (1) The director of (~~general administration~~) enterprise services,
7 on behalf of the agency involved and after consultation with the office
8 of financial management, shall purchase, lease, lease purchase, rent,
9 or otherwise acquire all real estate, improved or unimproved, as may be
10 required by elected state officials, institutions, departments,
11 commissions, boards, and other state agencies, or federal agencies
12 where joint state and federal activities are undertaken and may grant
13 easements and transfer, exchange, sell, lease, or sublease all or part
14 of any surplus real estate for those state agencies which do not
15 otherwise have the specific authority to dispose of real estate. This
16 section does not transfer financial liability for the acquired property
17 to the department of (~~general administration~~) enterprise services.

18 (2) Except for real estate occupied by federal agencies, the
19 director shall determine the location, size, and design of any real
20 estate or improvements thereon acquired or held pursuant to subsection
21 (1) of this section. Facilities acquired or held pursuant to this
22 chapter, and any improvements thereon, shall conform to standards
23 adopted by the director and approved by the office of financial
24 management governing facility efficiency unless a specific exemption
25 from such standards is provided by the director of (~~general
26 administration~~) enterprise services. The director of (~~general
27 administration~~) enterprise services shall report to the office of
28 financial management and the appropriate committees of the legislature
29 annually on any exemptions granted pursuant to this subsection.

30 (3) The director of (~~general administration~~) enterprise services
31 may fix the terms and conditions of each lease entered into under this
32 chapter, except that no lease shall extend greater than twenty years in
33 duration. The director of (~~general administration~~) enterprise
34 services may enter into a long-term lease greater than ten years in
35 duration upon a determination by the director of the office of
36 financial management that the long-term lease provides a more favorable
37 rate than would otherwise be available, it appears to a substantial

1 certainty that the facility is necessary for use by the state for the
2 full length of the lease term, and the facility meets the standards
3 adopted pursuant to subsection (2) of this section. The director of
4 (~~general administration~~) enterprise services may enter into a long-
5 term lease greater than ten years in duration if an analysis shows that
6 the life-cycle cost of leasing the facility is less than the life-cycle
7 cost of purchasing or constructing a facility in lieu of leasing the
8 facility.

9 (4) Except as permitted under chapter 39.94 RCW, no lease for or on
10 behalf of any state agency may be used or referred to as collateral or
11 security for the payment of securities offered for sale through a
12 public offering. Except as permitted under chapter 39.94 RCW, no lease
13 for or on behalf of any state agency may be used or referred to as
14 collateral or security for the payment of securities offered for sale
15 through a private placement without the prior written approval of the
16 state treasurer. However, this limitation shall not prevent a lessor
17 from assigning or encumbering its interest in a lease as security for
18 the repayment of a promissory note provided that the transaction would
19 otherwise be an exempt transaction under RCW 21.20.320. The state
20 treasurer shall adopt rules that establish the criteria under which any
21 such approval may be granted. In establishing such criteria the state
22 treasurer shall give primary consideration to the protection of the
23 state's credit rating and the integrity of the state's debt management
24 program. If it appears to the state treasurer that any lease has been
25 used or referred to in violation of this subsection or rules adopted
26 under this subsection, then he or she may recommend that the governor
27 cause such lease to be terminated. The department of (~~general
28 administration~~) enterprise services shall promptly notify the state
29 treasurer whenever it may appear to the department that any lease has
30 been used or referred to in violation of this subsection or rules
31 adopted under this subsection.

32 (5) It is the policy of the state to encourage the colocation and
33 consolidation of state services into single or adjacent facilities,
34 whenever appropriate, to improve public service delivery, minimize
35 duplication of facilities, increase efficiency of operations, and
36 promote sound growth management planning.

37 (6) The director of (~~general administration~~) enterprise services
38 shall provide coordinated long-range planning services to identify and

1 evaluate opportunities for collocating and consolidating state
2 facilities. Upon the renewal of any lease, the inception of a new
3 lease, or the purchase of a facility, the director of (~~general~~
4 ~~administration~~) enterprise services shall determine whether an
5 opportunity exists for collocating the agency or agencies in a single
6 facility with other agencies located in the same geographic area. If
7 a collocation opportunity exists, the director of (~~general~~
8 ~~administration~~) enterprise services shall consult with the affected
9 state agencies and the office of financial management to evaluate the
10 impact collocation would have on the cost and delivery of agency
11 programs, including whether program delivery would be enhanced due to
12 the centralization of services. The director of (~~general~~
13 ~~administration~~) enterprise services, in consultation with the office
14 of financial management, shall develop procedures for implementing
15 collocation and consolidation of state facilities.

16 (7) The director of (~~general administration~~) enterprise services
17 is authorized to purchase, lease, rent, or otherwise acquire improved
18 or unimproved real estate as owner or lessee and to lease or sublet all
19 or a part of such real estate to state or federal agencies. The
20 director of (~~general administration~~) enterprise services shall charge
21 each using agency its proportionate rental which shall include an
22 amount sufficient to pay all costs, including, but not limited to,
23 those for utilities, janitorial and accounting services, and sufficient
24 to provide for contingencies; which shall not exceed five percent of
25 the average annual rental, to meet unforeseen expenses incident to
26 management of the real estate.

27 (8) If the director of (~~general administration~~) enterprise
28 services determines that it is necessary or advisable to undertake any
29 work, construction, alteration, repair, or improvement on any real
30 estate acquired pursuant to subsection (1) or (7) of this section, the
31 director shall cause plans and specifications thereof and an estimate
32 of the cost of such work to be made and filed in his or her office and
33 the state agency benefiting thereby is hereby authorized to pay for
34 such work out of any available funds: PROVIDED, That the cost of
35 executing such work shall not exceed the sum of twenty-five thousand
36 dollars. Work, construction, alteration, repair, or improvement in
37 excess of twenty-five thousand dollars, other than that done by the

1 owner of the property if other than the state, shall be performed in
2 accordance with the public works law of this state.

3 (9) In order to obtain maximum utilization of space, the director
4 of (~~general administration~~) enterprise services shall make space
5 utilization studies, and shall establish standards for use of space by
6 state agencies. Such studies shall include the identification of
7 opportunities for colocation and consolidation of state agency office
8 and support facilities.

9 (10) The director of (~~general administration~~) enterprise services
10 may construct new buildings on, or improve existing facilities, and
11 furnish and equip, all real estate under his or her management. Prior
12 to the construction of new buildings or major improvements to existing
13 facilities or acquisition of facilities using a lease purchase
14 contract, the director of (~~general administration~~) enterprise
15 services shall conduct an evaluation of the facility design and budget
16 using life-cycle cost analysis, value-engineering, and other techniques
17 to maximize the long-term effectiveness and efficiency of the facility
18 or improvement.

19 (11) All conveyances and contracts to purchase, lease, rent,
20 transfer, exchange, or sell real estate and to grant and accept
21 easements shall be approved as to form by the attorney general, signed
22 by the director of (~~general administration~~) enterprise services or
23 the director's designee, and recorded with the county auditor of the
24 county in which the property is located.

25 (12) The director of (~~general administration~~) enterprise services
26 may delegate any or all of the functions specified in this section to
27 any agency upon such terms and conditions as the director deems
28 advisable. By January 1st of each year, beginning January 1, 2008, the
29 department shall submit an annual report to the office of financial
30 management and the appropriate committees of the legislature on all
31 delegated leases.

32 (13) This section does not apply to the acquisition of real estate
33 by:

34 (a) The state college and universities for research or experimental
35 purposes;

36 (b) The (~~state liquor~~) office of alcohol beverage control
37 (~~board~~) for liquor stores and warehouses; and

1 (c) The department of natural resources, the department of fish and
2 wildlife, the department of transportation, and the state parks and
3 recreation commission for purposes other than the leasing of offices,
4 warehouses, and real estate for similar purposes.

5 (14) Notwithstanding any provision in this chapter to the contrary,
6 the department of (~~general administration~~) enterprise services may
7 negotiate ground leases for public lands on which property is to be
8 acquired under a financing contract pursuant to chapter 39.94 RCW under
9 terms approved by the state finance committee.

10 (15) The department of (~~general administration~~) enterprise
11 services shall report annually to the office of financial management
12 and the appropriate fiscal committees of the legislature on facility
13 leases executed for all state agencies for the preceding year, lease
14 terms, and annual lease costs. The report must include leases executed
15 under RCW 43.82.045 and subsection (12) of this section.

16 **Sec. 168.** RCW 67.70.070 and 1982 2nd ex.s. c 7 s 7 are each
17 amended to read as follows:

18 No license as an agent to sell lottery tickets or shares may be
19 issued to any person to engage in business exclusively as a lottery
20 sales agent. Before issuing a license the director shall consider such
21 factors as: (1) The financial responsibility and security of the
22 person and his or her business or activity, (2) the accessibility of
23 his or her place of business or activity to the public, (3) the
24 sufficiency of existing licenses to serve the public convenience, and
25 (4) the volume of expected sales.

26 For purposes of this section, the term "person" means an
27 individual, association, corporation, club, trust, estate, society,
28 company, joint stock company, receiver, trustee, assignee, referee, or
29 any other person acting in a fiduciary or representative capacity,
30 whether appointed by a court or otherwise, and any combination of
31 individuals. "Person" does not mean any department, commission,
32 agency, or instrumentality of the state, or any county or municipality
33 or any agency or instrumentality thereof, except for retail outlets of
34 the (~~state liquor~~) office of alcohol beverage control (~~board~~).

35 **Sec. 169.** RCW 69.04.240 and 2007 c 226 s 3 are each amended to
36 read as follows:

1 A food shall be deemed to be adulterated if it is confectionery and
2 it bears or contains any alcohol from natural or artificial alcohol
3 flavoring in excess of one percent of the weight of the confection or
4 any nonnutritive article or substance except harmless coloring,
5 harmless flavoring, harmless resinous glaze not in excess of four-
6 tenths of one percent, natural gum, and pectin. This section shall not
7 apply to any chewing gum by reason of its containing harmless
8 nonnutritive masticatory substances, or to any confection permitted to
9 be sold by an endorsement from the (~~liquor~~) office of alcohol
10 beverage control (~~board~~) under RCW 66.24.360.

11 **Sec. 170.** RCW 70.155.010 and 2009 c 278 s 1 are each amended to
12 read as follows:

13 The definitions set forth in RCW 82.24.010 shall apply to this
14 chapter. In addition, for the purposes of this chapter, unless
15 otherwise required by the context:

16 (1) "~~Board~~) Office" means the Washington state (~~liquor~~) office
17 of alcohol beverage control (~~board~~).

18 (2) "Internet" means any computer network, telephonic network, or
19 other electronic network.

20 (3) "Minor" refers to an individual who is less than eighteen years
21 old.

22 (4) "Sample" means a tobacco product distributed to members of the
23 general public at no cost or at nominal cost for product promotion
24 purposes.

25 (5) "Sampling" means the distribution of samples to members of the
26 public.

27 (6) "Tobacco product" means a product that contains tobacco and is
28 intended for human use, including any product defined in RCW
29 82.24.010(~~(+2)~~) (1) or 82.26.010(~~(+1)~~) (21), except that for the
30 purposes of RCW 70.155.140 only, "tobacco product" does not include
31 cigars defined in RCW 82.26.010 as to which one thousand units weigh
32 more than three pounds.

33 **Sec. 171.** RCW 70.155.020 and 1993 c 507 s 3 are each amended to
34 read as follows:

35 A person who holds a license issued under RCW 82.24.520 or
36 82.24.530 shall:

1 (1) Display the license or a copy in a prominent location at the
2 outlet for which the license is issued; and

3 (2) Display a sign concerning the prohibition of tobacco sales to
4 minors.

5 Such sign shall:

6 (a) Be posted so that it is clearly visible to anyone purchasing
7 tobacco products from the licensee;

8 (b) Be designed and produced by the department of health to read:
9 "THE SALE OF TOBACCO PRODUCTS TO PERSONS UNDER AGE 18 IS STRICTLY
10 PROHIBITED BY STATE LAW. IF YOU ARE UNDER 18, YOU COULD BE PENALIZED
11 FOR PURCHASING A TOBACCO PRODUCT; PHOTO ID REQUIRED"; and

12 (c) Be provided free of charge by the (~~liquor~~) office of alcohol
13 beverage control (~~board~~).

14 **Sec. 172.** RCW 70.155.080 and 2002 c 175 s 47 are each amended to
15 read as follows:

16 (1) A person under the age of eighteen who purchases or attempts to
17 purchase, possesses, or obtains or attempts to obtain cigarettes or
18 tobacco products commits a class 3 civil infraction under chapter 7.80
19 RCW and is subject to a fine as set out in chapter 7.80 RCW or
20 participation in up to four hours of community restitution, or both.
21 The court may also require participation in a smoking cessation
22 program. This provision does not apply if a person under the age of
23 eighteen, with parental authorization, is participating in a controlled
24 purchase as part of (~~a liquor~~) an office of alcohol beverage control
25 (~~board~~), law enforcement, or local health department activity.

26 (2) Municipal and district courts within the state have
27 jurisdiction for enforcement of this section.

28 **Sec. 173.** RCW 70.155.090 and 2006 c 14 s 4 are each amended to
29 read as follows:

30 (1) Where there may be a question of a person's right to purchase
31 or obtain tobacco products by reason of age, the retailer or agent
32 thereof(~~r~~) shall require the purchaser to present any one of the
33 following officially issued identification that shows the purchaser's
34 age and bears his or her signature and photograph: (a) Liquor control
35 authority card of identification of a state or province of Canada; (b)
36 driver's license, instruction permit, or identification card of a state

1 or province of Canada; (c) "identocard" issued by the Washington state
2 department of licensing under chapter 46.20 RCW; (d) United States
3 military identification; (e) passport; (f) enrollment card, issued by
4 the governing authority of a federally recognized Indian tribe located
5 in Washington, that incorporates security features comparable to those
6 implemented by the department of licensing for Washington drivers'
7 licenses. At least ninety days prior to implementation of an
8 enrollment card under this subsection, the appropriate tribal authority
9 shall give notice to the ~~((board))~~ office. The ~~((board))~~ office shall
10 publish and communicate to licensees regarding the implementation of
11 each new enrollment card; or (g) merchant marine identification card
12 issued by the United States coast guard.

13 (2) It is a defense to a prosecution under RCW 26.28.080 that the
14 person making a sale reasonably relied on any of the officially issued
15 identification as defined in subsection (1) of this section. The
16 ~~((liquor))~~ office of alcohol beverage control ~~((board))~~ shall waive the
17 suspension or revocation of a license if the licensee clearly
18 establishes that he or she acted in good faith to prevent violations
19 and a violation occurred despite the licensee's exercise of due
20 diligence.

21 **Sec. 174.** RCW 70.155.100 and 2006 c 14 s 5 are each amended to
22 read as follows:

23 (1) The ~~((liquor))~~ office of alcohol beverage control ~~((board))~~ may
24 suspend or revoke a retailer's license issued under RCW 82.24.510(1)(b)
25 held by a business at any location, or may impose a monetary penalty as
26 set forth in subsection (2) of this section, if the ~~((liquor-control~~
27 ~~board))~~ office finds that the licensee has violated RCW 26.28.080,
28 70.155.020, 70.155.030, 70.155.040, 70.155.050, 70.155.070, or
29 70.155.090.

30 (2) The sanctions that the ~~((liquor-control-board))~~ office may
31 impose against a person licensed under RCW 82.24.530 based upon one or
32 more findings under subsection (1) of this section may not exceed the
33 following:

34 (a) For violation of RCW 26.28.080 or 70.155.020:

35 (i) A monetary penalty of one hundred dollars for the first
36 violation within any two-year period;

1 (ii) A monetary penalty of three hundred dollars for the second
2 violation within any two-year period;

3 (iii) A monetary penalty of one thousand dollars and suspension of
4 the license for a period of six months for the third violation within
5 any two-year period;

6 (iv) A monetary penalty of one thousand five hundred dollars and
7 suspension of the license for a period of twelve months for the fourth
8 violation within any two-year period;

9 (v) Revocation of the license with no possibility of reinstatement
10 for a period of five years for the fifth or more violation within any
11 two-year period;

12 (b) For violations of RCW 70.155.030, a monetary penalty in the
13 amount of one hundred dollars for each day upon which such violation
14 occurred;

15 (c) For violations of RCW 70.155.040 occurring on the licensed
16 premises:

17 (i) A monetary penalty of one hundred dollars for the first
18 violation within any two-year period;

19 (ii) A monetary penalty of three hundred dollars for the second
20 violation within any two-year period;

21 (iii) A monetary penalty of one thousand dollars and suspension of
22 the license for a period of six months for the third violation within
23 any two-year period;

24 (iv) A monetary penalty of one thousand five hundred dollars and
25 suspension of the license for a period of twelve months for the fourth
26 violation within any two-year period;

27 (v) Revocation of the license with no possibility of reinstatement
28 for a period of five years for the fifth or more violation within any
29 two-year period;

30 (d) For violations of RCW 70.155.050, a monetary penalty in the
31 amount of three hundred dollars for each violation;

32 (e) For violations of RCW 70.155.070, a monetary penalty in the
33 amount of one thousand dollars for each violation.

34 (3) The (~~liquor control board~~) office may impose a monetary
35 penalty upon any person other than a licensed cigarette retailer if the
36 (~~liquor control board~~) office finds that the person has violated RCW
37 26.28.080, 70.155.020, 70.155.030, 70.155.040, 70.155.050, 70.155.070,
38 or 70.155.090.

1 (4) The monetary penalty that the (~~liquor control board~~) office
2 may impose based upon one or more findings under subsection (3) of this
3 section may not exceed the following:

4 (a) For violation of RCW 26.28.080 or 70.155.020, fifty dollars for
5 the first violation and one hundred dollars for each subsequent
6 violation;

7 (b) For violations of RCW 70.155.030, one hundred dollars for each
8 day upon which such violation occurred;

9 (c) For violations of RCW 70.155.040, one hundred dollars for each
10 violation;

11 (d) For violations of RCW 70.155.050, three hundred dollars for
12 each violation;

13 (e) For violations of RCW 70.155.070, one thousand dollars for each
14 violation.

15 (5) The (~~liquor control board~~) office may develop and offer a
16 class for retail clerks and use this class in lieu of a monetary
17 penalty for the clerk's first violation.

18 (6) The (~~liquor control board~~) office may issue a cease and
19 desist order to any person who is found by the (~~liquor control board~~)
20 office to have violated or intending to violate the provisions of this
21 chapter, RCW 26.28.080 or 82.24.500, requiring such person to cease
22 specified conduct that is in violation. The issuance of a cease and
23 desist order shall not preclude the imposition of other sanctions
24 authorized by this statute or any other provision of law.

25 (7) The (~~liquor control board~~) office may seek injunctive relief
26 to enforce the provisions of RCW 26.28.080 or 82.24.500 or this
27 chapter. The (~~liquor control board~~) office may initiate legal action
28 to collect civil penalties imposed under this chapter if the same have
29 not been paid within thirty days after imposition of such penalties.
30 In any action filed by the (~~liquor control board~~) office under this
31 chapter, the court may, in addition to any other relief, award the
32 (~~liquor control board~~) office reasonable attorneys' fees and costs.

33 (8) All proceedings under subsections (1) through (6) of this
34 section shall be conducted in accordance with chapter 34.05 RCW.

35 (9) The (~~liquor control board~~) office may reduce or waive either
36 the penalties or the suspension or revocation of a license, or both, as
37 set forth in this chapter where the elements of proof are inadequate or
38 where there are mitigating circumstances. Mitigating circumstances may

1 include, but are not limited to, an exercise of due diligence by a
2 retailer. Further, the ((~~board~~)) office may exceed penalties set forth
3 in this chapter based on aggravating circumstances.

4 **Sec. 175.** RCW 70.155.110 and 1993 c 507 s 12 are each amended to
5 read as follows:

6 (1) The ((~~liquor~~)) office of alcohol beverage control ((~~board~~))
7 shall, in addition to the ((~~board's~~)) office's other powers and
8 authorities, have the authority to enforce the provisions of this
9 chapter and RCW 26.28.080((~~+4~~)) and 82.24.500. The ((~~liquor control~~
10 ~~board~~)) office shall have full power to revoke or suspend the license
11 of any retailer or wholesaler in accordance with the provisions of RCW
12 70.155.100.

13 (2) The ((~~liquor control board~~)) office and the ((~~board's~~))
14 office's authorized agents or employees shall have full power and
15 authority to enter any place of business where tobacco products are
16 sold for the purpose of enforcing the provisions of this chapter.

17 (3) For the purpose of enforcing the provisions of this chapter and
18 RCW 26.28.080((~~+4~~)) and 82.24.500, a peace officer or enforcement
19 officer of the ((~~liquor control board~~)) office who has reasonable
20 grounds to believe a person observed by the officer purchasing,
21 attempting to purchase, or in possession of tobacco products is under
22 the age of eighteen years of age, may detain such person for a
23 reasonable period of time and in such a reasonable manner as is
24 necessary to determine the person's true identity and date of birth.
25 Further, tobacco products possessed by persons under the age of
26 eighteen years of age are considered contraband and may be seized by a
27 peace officer or enforcement officer of the ((~~liquor control board~~))
28 office.

29 (4) The ((~~liquor control board~~)) office may work with local county
30 health departments or districts and local law enforcement agencies to
31 conduct random, unannounced, inspections to assure compliance.

32 **Sec. 176.** RCW 70.155.120 and 1993 c 507 s 13 are each amended to
33 read as follows:

34 (1) The youth tobacco prevention account is created in the state
35 treasury. All fees collected pursuant to RCW 82.24.520 and 82.24.530
36 and funds collected by the ((~~liquor control board~~)) office from the

1 imposition of monetary penalties and samplers' fees shall be deposited
2 into this account, except that ten percent of all such fees and
3 penalties shall be deposited in the state general fund.

4 (2) Moneys appropriated from the youth tobacco prevention account
5 to the department of health shall be used by the department of health
6 for implementation of this chapter, including collection and reporting
7 of data regarding enforcement and the extent to which access to tobacco
8 products by youth has been reduced.

9 (3) The department of health shall enter into interagency
10 agreements with the (~~liquor control board~~) office to pay the costs
11 incurred, up to thirty percent of available funds, in carrying out its
12 enforcement responsibilities under this chapter. Such agreements shall
13 set forth standards of enforcement, consistent with the funding
14 available, so as to reduce the extent to which tobacco products are
15 available to individuals under the age of eighteen. The agreements
16 shall also set forth requirements for data reporting by the (~~liquor
17 control board~~) office regarding its enforcement activities.

18 (4) The department of health and the department of revenue shall
19 enter into an interagency agreement for payment of the cost of
20 administering the tobacco retailer licensing system and for the
21 provision of quarterly documentation of tobacco wholesaler, retailer,
22 and vending machine names and locations.

23 (5) The department of health shall, within up to seventy percent of
24 available funds, provide grants to local health departments or other
25 local community agencies to develop and implement coordinated tobacco
26 intervention strategies to prevent and reduce tobacco use by youth.

27 **Sec. 177.** RCW 70.158.020 and 2003 c 25 s 2 are each amended to
28 read as follows:

29 The following definitions apply to this chapter unless the context
30 clearly requires otherwise.

31 (1) "Brand family" means all styles of cigarettes sold under the
32 same trademark and differentiated from one another by means of
33 additional modifiers or descriptors, including, but not limited to,
34 "menthol," "lights," "kings," and "100s," and includes any brand name
35 alone or in conjunction with any other word, trademark, logo, symbol,
36 motto, selling message, recognizable pattern of colors, or any other

1 indicia of product identification identical or similar to, or
2 identifiable with, a previously known brand of cigarettes.

3 (~~2~~) (~~("Board" means the liquor control board.~~

4 ~~(3)~~) "Cigarette" has the same meaning as in RCW 70.157.010(d).

5 (~~(4)~~) (3) "Director" means the director of the department of
6 revenue except as otherwise noted.

7 (~~(5)~~) (4) "Directory" means the directory to be created and
8 published on a web site by the attorney general pursuant to RCW
9 70.158.030(2).

10 (~~(6)~~) (5) "Distributor" has the same meaning as in RCW
11 82.26.010(~~(3)~~) (7), except that for purposes of this chapter, no
12 person is a distributor if that person does not deal with cigarettes as
13 defined in this section.

14 (~~(7)~~) (6) "Master settlement agreement" has the same meaning as
15 in RCW 70.157.010(e).

16 (~~(8)~~) (7) "Nonparticipating manufacturer" means any tobacco
17 product manufacturer that is not a participating manufacturer.

18 (8) "Office" means the office of alcohol beverage control.

19 (9) "Participating manufacturer" has the meaning given that term in
20 section II(jj) of the master settlement agreement.

21 (10) "Qualified escrow fund" has the same meaning as in RCW
22 70.157.010(f).

23 (11) "Stamp" means "stamp" as defined in RCW 82.24.010(7) or as
24 referred to in RCW 43.06.455(4).

25 (12) "Tobacco product manufacturer" has the same meaning as in RCW
26 70.157.010(i).

27 (13) "Units sold" has the same meaning as in RCW 70.157.010(j).

28 (14) "Wholesaler" has the same meaning as in RCW 82.24.010.

29 **Sec. 178.** RCW 70.158.050 and 2003 c 25 s 5 are each amended to
30 read as follows:

31 (1) In addition to the reporting requirements under RCW
32 70.157.010(j) and the rules adopted thereunder, not later than twenty-
33 five calendar days after the end of each calendar month, and more
34 frequently if directed by the director, each wholesaler and distributor
35 shall submit information the director requires to facilitate compliance
36 with this chapter, including, but not limited to, a list by brand
37 family of the total number of cigarettes, or, in the case of roll-your-

1 own, the equivalent stick count for which the wholesaler or distributor
2 affixed stamps during the previous calendar month or otherwise paid the
3 tax due for the cigarettes. Each wholesaler and distributor shall
4 maintain and make available to the director, all invoices and
5 documentation of sales of all nonparticipating manufacturer cigarettes
6 and any other information relied upon in reporting to the attorney
7 general or the director for a period of five years.

8 (2) Information or records required to be furnished to the
9 department, the ((~~board~~)) office, or the attorney general are
10 confidential and shall not be disclosed. However, the director and the
11 ((~~board~~)) office are authorized to disclose to the attorney general any
12 information received under this chapter and requested by the attorney
13 general for purposes of determining compliance with and enforcing the
14 provisions of this chapter. The director, the ((~~board~~)) office, and
15 the attorney general may share with each other the information received
16 under this chapter, and may share information with other federal,
17 state, or local agencies, including without limitation the ((~~board~~))
18 office, only for purposes of enforcement of this chapter, RCW
19 70.157.020, or corresponding laws of other states. If a tobacco
20 product manufacturer that is required to establish a qualified escrow
21 fund under RCW 70.157.020 disputes the attorney general's determination
22 of what that manufacturer needs to place into escrow, and the attorney
23 general determines that the dispute can likely be resolved by
24 disclosing reports from the relevant distributors and wholesalers
25 indicating the sales or purchases of the tobacco manufacturer's
26 products, then the attorney general shall request voluntary waivers of
27 confidentiality so that the reports may be disclosed to the tobacco
28 product manufacturer to help resolve the dispute. If the waivers are
29 provided, then the director and the attorney general are authorized to
30 disclose the waived confidential information collected on the sales or
31 purchases of cigarettes to the tobacco product manufacturer. However,
32 before the attorney general or the director discloses the waived
33 confidential information, the tobacco product manufacturer must provide
34 to the attorney general all records relating to its sales or purchases
35 of cigarettes in dispute. The information provided to a tobacco
36 product manufacturer pursuant to this subsection (2) shall be limited
37 to brands or products of that manufacturer only, may be used only for

1 the limited purpose of determining the appropriate escrow deposit, and
2 may not be disclosed by the tobacco product manufacturer.

3 (3) The attorney general may require at any time from the
4 nonparticipating manufacturer proof, from the financial institution in
5 which the manufacturer has established a qualified escrow fund for the
6 purpose of compliance with RCW 70.157.020(b)(1), of the amount of money
7 in the fund, exclusive of interest, the amount and date of each deposit
8 to the fund, and the amount and date of each withdrawal from the fund.

9 (4) In addition to the information required to be submitted
10 pursuant to RCW 70.158.030, this section, and chapters 82.24 and 82.26
11 RCW, the director, the ((~~board~~)) office, or the attorney general may
12 require a wholesaler, distributor, or tobacco product manufacturer to
13 submit any additional information including, but not limited to,
14 samples of the packaging or labeling of each brand family, as is
15 necessary to enable the attorney general to determine whether a tobacco
16 product manufacturer is in compliance with this chapter. If the
17 director, the ((~~board~~)) office, or the attorney general makes a request
18 for information pursuant to this subsection (4), the tobacco product
19 manufacturer, distributor, or wholesaler shall comply promptly.

20 (5) A nonparticipating manufacturer that either: (a) Has not
21 previously made escrow payments to the state of Washington pursuant to
22 RCW 70.157.020; or (b) has not actually made any escrow payments for
23 more than one year, shall make the required escrow deposits in
24 quarterly installments during the first year in which the sales covered
25 by the deposits are made or in the first year in which the payments are
26 made. The director or the attorney general may require production of
27 information sufficient to enable the attorney general to determine the
28 adequacy of the amount of the installment deposit.

29 **Sec. 179.** RCW 70.158.060 and 2003 c 25 s 6 are each amended to
30 read as follows:

31 (1) In addition to or in lieu of any other civil or criminal remedy
32 provided by law, upon a determination that a wholesaler has violated
33 RCW 70.158.030(3) or any rule adopted pursuant to this chapter, the
34 director or the ((~~board~~)) office may revoke or suspend the license of
35 the wholesaler in the manner provided by chapter 82.24 or 82.32 RCW.
36 Each stamp affixed and each sale or offer to sell cigarettes in
37 violation of RCW 70.158.030(3) shall constitute a separate violation.

1 For each violation of this chapter, the director or the ((board))
2 office may also impose a civil penalty in an amount not to exceed the
3 greater of five hundred percent of the retail value of the cigarettes
4 or five thousand dollars upon a determination of violation of RCW
5 70.158.030(3) or any rules adopted pursuant thereto. The penalty shall
6 be imposed in the manner provided by chapter 82.24 RCW.

7 (2) The attorney general may seek an injunction in superior court
8 to restrain a threatened or actual violation of RCW 70.158.030(3) or
9 70.158.050 (1) or (4) by a person and to compel the person to comply
10 with these sections. In any action brought pursuant to this section,
11 the state shall be entitled to recover the costs of investigation,
12 costs of the action, and reasonable attorneys' fees.

13 (3) It is unlawful for a person to: (a) Sell or distribute
14 cigarettes or (b) acquire, hold, own, possess, transport, import, or
15 cause to be imported cigarettes, that the person knows or should know
16 are intended for distribution or sale in the state in violation of RCW
17 70.158.030(3). A violation of this subsection (3) is a gross
18 misdemeanor.

19 (4) Any violation of this chapter is not reasonable in relation to
20 the development and preservation of business and is an unfair and
21 deceptive act or practice and an unfair method of competition in the
22 conduct of trade or commerce in violation of RCW 19.86.020. Standing
23 to bring an action to enforce RCW 19.86.020 for violation of this
24 chapter shall lie solely with the attorney general. Remedies provided
25 by chapter 19.86 RCW are cumulative and not exclusive.

26 **Sec. 180.** RCW 70.158.070 and 2003 c 25 s 7 are each amended to
27 read as follows:

28 (1) A determination of the attorney general not to include or to
29 remove from the directory a brand family or tobacco product
30 manufacturer shall be final agency action for purposes of review under
31 RCW 34.05.570(4).

32 (2) No person shall be issued a license or granted a renewal of a
33 license to act as a wholesaler unless the person has certified in
34 writing under penalty of perjury, that the person will comply fully
35 with this section.

36 (3) The first reports of wholesalers and distributors are due
37 August 25, 2003. The certifications by a tobacco product manufacturer

1 described in RCW 70.158.030(1) are due September 15, 2003. The
2 directory described in RCW 70.158.030(2) shall be published or made
3 available by November 1, 2003.

4 (4) The attorney general, the (~~board~~) office, and the director
5 may adopt rules as necessary to effect the administration of this
6 chapter.

7 (5) In any action brought by the state to enforce this chapter, the
8 state is entitled to recover the costs of investigation, expert witness
9 fees, costs of the action, and reasonable attorneys' fees.

10 (6) If a court determines that a person has violated this chapter,
11 the court shall order any profits, gain, gross receipts, or other
12 benefit from the violation to be disgorged and paid to the general
13 fund. Unless otherwise expressly provided, the remedies or penalties
14 provided by this chapter are cumulative to each other and to the
15 remedies or penalties available under all other laws of this state.

16 **Sec. 181.** RCW 77.15.750 and 2011 c 320 s 20 are each amended to
17 read as follows:

18 (1) A person is guilty of unlawful use of a department permit if
19 the person:

20 (a) Violates any terms or conditions of the permit issued by the
21 department or the director; or

22 (b) Violates any rule of the commission or the director applicable
23 to the requirement for, issuance of, or use of the permit.

24 (2)(a) Permits covered under subsection (1) of this section
25 include, but are not limited to, master hunter permits, crab pot
26 removal permits and shellfish pot removal permits under RCW 77.70.500,
27 depredation permits, landowner hunting permits, commercial carp license
28 permits, permits to possess or dispense beer or malt liquor pursuant to
29 RCW 66.28.210, and permits to hold, sponsor, or attend an event
30 requiring a banquet permit from the (~~liquor~~) office of alcohol
31 beverage control (~~board~~).

32 (b) Permits excluded from subsection (1) of this section include
33 the discover pass created in RCW 79A.80.020, the vehicle access pass
34 created in RCW 79A.80.040, the day-use permit created in RCW
35 79A.80.030, commercial use or activity permits, noncommercial use or
36 activity permits, parking permits, experimental fishery permits, trial
37 commercial fishery permits, and scientific collection permits.

1 (3) Unlawful use of a department permit is a misdemeanor.

2 (4) A person is guilty of unlawful use of an experimental fishery
3 permit or a trial commercial fishery permit if the person:

4 (a) Violates any terms or conditions of the permit issued by the
5 department or the director; or

6 (b) Violates any rule of the commission or the director applicable
7 to the issuance or use of the permit.

8 (5) Unlawful use of an experimental fishery permit or a trial
9 commercial fishery permit is a gross misdemeanor.

10 (6) The definitions in this subsection apply throughout this
11 section unless the context clearly requires otherwise.

12 (a) "Experimental fishery permit" means a permit issued by the
13 director for either:

14 (i) An "emerging commercial fishery," defined as a fishery for a
15 newly classified species for which the department has determined that
16 there is a need to limit participation; or

17 (ii) An "expanding commercial fishery," defined as a fishery for a
18 previously classified species in a new area, by a new method, or at a
19 new effort level, for which the department has determined that there is
20 a need to limit participation.

21 (b) "Trial commercial fishery permit" means a permit issued by the
22 department for trial harvest of a newly classified species or harvest
23 of a previously classified species in a new area or by a new means.

24 **Sec. 182.** RCW 82.24.010 and 1997 c 420 s 3 are each amended to
25 read as follows:

26 Unless the context clearly requires otherwise, the definitions in
27 this section apply throughout this chapter:

28 (1) (~~("Board" means the liquor control board.~~

29 ~~(+2))~~) "Cigarette" means any roll for smoking made wholly or in part
30 of tobacco, irrespective of size or shape and irrespective of the
31 tobacco being flavored, adulterated, or mixed with any other
32 ingredient, where such roll has a wrapper or cover made of paper or any
33 material, except where such wrapper is wholly or in the greater part
34 made of natural leaf tobacco in its natural state.

35 ~~((+3))~~ (2) "Indian tribal organization" means a federally
36 recognized Indian tribe, or tribal entity, and includes an Indian
37 wholesaler or retailer that is owned by an Indian who is an enrolled

1 tribal member conducting business under tribal license or similar
2 tribal approval within Indian country. For purposes of this chapter
3 "Indian country" is defined in the manner set forth in 18 U.S.C. Sec.
4 1151.

5 (3) "Office" means the office of alcohol beverage control.

6 (4) "Precollection obligation" means the obligation of a seller
7 otherwise exempt from the tax imposed by this chapter to collect the
8 tax from that seller's buyer.

9 (5) "Retailer" means every person, other than a wholesaler, who
10 purchases, sells, offers for sale or distributes any one or more of the
11 articles taxed herein, irrespective of quantity or amount, or the
12 number of sales, and all persons operating under a retailer's
13 registration certificate.

14 (6) "Retail selling price" means the ordinary, customary or usual
15 price paid by the consumer for each package of cigarettes, less the tax
16 levied by this chapter and less any similar tax levied by this state.

17 (7) "Stamp" means the stamp or stamps by use of which the tax levy
18 under this chapter is paid or identification is made of those
19 cigarettes with respect to which no tax is imposed.

20 (8) "Wholesaler" means every person who purchases, sells, or
21 distributes any one or more of the articles taxed herein to retailers
22 for the purpose of resale only.

23 (9) The meaning attributed, in chapter 82.04 RCW, to the words
24 "person," "sale," "business" and "successor" applies equally in this
25 chapter.

26 **Sec. 183.** RCW 82.24.550 and 2009 c 154 s 2 are each amended to
27 read as follows:

28 (1) The ((board)) office shall enforce the provisions of this
29 chapter. The ((board)) office may adopt, amend, and repeal rules
30 necessary to enforce and administer the provisions of this chapter.

31 (2) The department may adopt, amend, and repeal rules necessary to
32 administer the provisions of this chapter. The ((board)) office may
33 revoke or suspend the license or permit of any wholesale or retail
34 cigarette dealer in the state upon sufficient cause appearing of the
35 violation of this chapter or upon the failure of such licensee to
36 comply with any of the provisions of this chapter.

1 (3) A license shall not be suspended or revoked except upon notice
2 to the licensee and after a hearing as prescribed by the ((~~board~~))
3 office. The ((~~board~~)) office, upon finding that the licensee has
4 failed to comply with any provision of this chapter or any rule adopted
5 under this chapter, shall, in the case of the first offense, suspend
6 the license or licenses of the licensee for a period of not less than
7 thirty consecutive business days, and, in the case of a second or
8 further offense, shall suspend the license or licenses for a period of
9 not less than ninety consecutive business days nor more than twelve
10 months, and, in the event the ((~~board~~)) office finds the licensee has
11 been guilty of willful and persistent violations, it may revoke the
12 license or licenses.

13 (4) Any licenses issued under chapter 82.26 RCW to a person whose
14 license or licenses have been suspended or revoked under this section
15 shall also be suspended or revoked during the period of suspension or
16 revocation under this section.

17 (5) Any person whose license or licenses have been revoked under
18 this section may reapply to the ((~~board~~)) office at the expiration of
19 one year from the date of revocation of the license or licenses. The
20 license or licenses may be approved by the ((~~board~~)) office if it
21 appears to the satisfaction of the ((~~board~~)) office that the licensee
22 will comply with the provisions of this chapter and the rules adopted
23 under this chapter.

24 (6) A person whose license has been suspended or revoked shall not
25 sell cigarettes or tobacco products or permit cigarettes or tobacco
26 products to be sold during the period of such suspension or revocation
27 on the premises occupied by the person or upon other premises
28 controlled by the person or others or in any other manner or form
29 whatever.

30 (7) Any determination and order by the ((~~board~~)) office, and any
31 order of suspension or revocation by the ((~~board~~)) office of the
32 license or licenses issued under this chapter, or refusal to reinstate
33 a license or licenses after revocation shall be reviewable by an appeal
34 to the superior court of Thurston county. The superior court shall
35 review the order or ruling of the ((~~board~~)) office and may hear the
36 matter de novo, having due regard to the provisions of this chapter and
37 the duties imposed upon the ((~~board~~)) office.

1 (8) If the ((~~board~~)) office makes an initial decision to deny a
2 license or renewal, or suspend or revoke a license, the applicant may
3 request a hearing subject to the applicable provisions under Title 34
4 RCW.

5 (9) For purposes of this section, "tobacco products" has the same
6 meaning as in RCW 82.26.010.

7 **Sec. 184.** RCW 82.24.551 and 1997 c 420 s 10 are each amended to
8 read as follows:

9 The department shall appoint, as duly authorized agents,
10 enforcement officers of the ((~~liquor~~)) office of alcohol beverage
11 control ((~~board~~)) to enforce provisions of this chapter. These
12 officers shall not be considered employees of the department.

13 **Sec. 185.** RCW 82.24.552 and 2007 c 221 s 2 are each amended to
14 read as follows:

15 (1) For the purposes of obtaining information concerning any matter
16 relating to the administration or enforcement of this chapter, the
17 department, the ((~~board~~)) office, or any of its agents may inspect the
18 books, documents, or records of any person transporting cigarettes for
19 sale to any person or entity in the state, and books, documents, or
20 records containing any information relating to the transportation or
21 possession of cigarettes for sale in the possession of a specific
22 common carrier as defined in RCW 81.80.010 doing business in this
23 state, or books, documents, and records of vehicle rental agencies
24 whose vehicles are being rented for the purpose of transporting
25 contraband cigarettes.

26 (2) If a person neglects or refuses to produce and submit for
27 inspection any book, record, or document as required by this section
28 when requested to do so by the department, the ((~~board~~)) office, or its
29 agent, then the department or the ((~~board~~)) office may seek an order in
30 superior court compelling production of the books, records, or
31 documents.

32 **Sec. 186.** RCW 82.26.010 and 2010 1st sp.s. c 22 s 4 are each
33 reenacted and amended to read as follows:

34 The definitions in this section apply throughout this chapter
35 unless the context clearly requires otherwise.

1 (1) "Actual price" means the total amount of consideration for
2 which tobacco products are sold, valued in money, whether received in
3 money or otherwise, including any charges by the seller necessary to
4 complete the sale such as charges for delivery, freight,
5 transportation, or handling.

6 (2) "Affiliated" means related in any way by virtue of any form or
7 amount of common ownership, control, operation, or management.

8 (~~(3)~~) (~~"Board" means the liquor control board.~~

9 ~~(4)~~) "Business" means any trade, occupation, activity, or
10 enterprise engaged in for the purpose of selling or distributing
11 tobacco products in this state.

12 ~~(5)~~) (4) "Cigar" means a roll for smoking that is of any size or
13 shape and that is made wholly or in part of tobacco, irrespective of
14 whether the tobacco is pure or flavored, adulterated or mixed with any
15 other ingredient, if the roll has a wrapper made wholly or in greater
16 part of tobacco. "Cigar" does not include a cigarette.

17 ~~(6)~~) (5) "Cigarette" has the same meaning as in RCW 82.24.010.

18 ~~(7)~~) (6) "Department" means the department of revenue.

19 ~~(8)~~) (7) "Distributor" means (a) any person engaged in the
20 business of selling tobacco products in this state who brings, or
21 causes to be brought, into this state from without the state any
22 tobacco products for sale, (b) any person who makes, manufactures,
23 fabricates, or stores tobacco products in this state for sale in this
24 state, (c) any person engaged in the business of selling tobacco
25 products without this state who ships or transports tobacco products to
26 retailers in this state, to be sold by those retailers, (d) any person
27 engaged in the business of selling tobacco products in this state who
28 handles for sale any tobacco products that are within this state but
29 upon which tax has not been imposed.

30 ~~(9)~~) (8) "Indian country" means the same as defined in chapter
31 82.24 RCW.

32 ~~(10)~~) (9) "Little cigar" means a cigar that has a cellulose
33 acetate integrated filter.

34 ~~(11)~~) (10) "Manufacturer" means a person who manufactures and
35 sells tobacco products.

36 ~~(12)~~) (11) "Manufacturer's representative" means a person hired
37 by a manufacturer to sell or distribute the manufacturer's tobacco
38 products, and includes employees and independent contractors.

1 ~~((13))~~ (12) "Moist snuff" means tobacco that is finely cut,
2 ground, or powdered; is not for smoking; and is intended to be placed
3 in the oral, but not the nasal, cavity.

4 (13) "Office" means the office of alcohol beverage control.

5 (14) "Person" means any individual, receiver, administrator,
6 executor, assignee, trustee in bankruptcy, trust, estate, firm,
7 copartnership, joint venture, club, company, joint stock company,
8 business trust, municipal corporation, the state and its departments
9 and institutions, political subdivision of the state of Washington,
10 corporation, limited liability company, association, society, any group
11 of individuals acting as a unit, whether mutual, cooperative,
12 fraternal, nonprofit, or otherwise. The term excludes any person
13 immune from state taxation, including the United States or its
14 instrumentalities, and federally recognized Indian tribes and enrolled
15 tribal members, conducting business within Indian country.

16 (15) "Place of business" means any place where tobacco products are
17 sold or where tobacco products are manufactured, stored, or kept for
18 the purpose of sale, including any vessel, vehicle, airplane, train, or
19 vending machine.

20 (16) "Retail outlet" means each place of business from which
21 tobacco products are sold to consumers.

22 (17) "Retailer" means any person engaged in the business of selling
23 tobacco products to ultimate consumers.

24 (18)(a) "Sale" means any transfer, exchange, or barter, in any
25 manner or by any means whatsoever, for a consideration, and includes
26 and means all sales made by any person.

27 (b) The term "sale" includes a gift by a person engaged in the
28 business of selling tobacco products, for advertising, promoting, or as
29 a means of evading the provisions of this chapter.

30 (19)(a) "Taxable sales price" means:

31 (i) In the case of a taxpayer that is not affiliated with the
32 manufacturer, distributor, or other person from whom the taxpayer
33 purchased tobacco products, the actual price for which the taxpayer
34 purchased the tobacco products;

35 (ii) In the case of a taxpayer that purchases tobacco products from
36 an affiliated manufacturer, affiliated distributor, or other affiliated
37 person, and that sells those tobacco products to unaffiliated
38 distributors, unaffiliated retailers, or ultimate consumers, the actual

1 price for which that taxpayer sells those tobacco products to
2 unaffiliated distributors, unaffiliated retailers, or ultimate
3 consumers;

4 (iii) In the case of a taxpayer that sells tobacco products only to
5 affiliated distributors or affiliated retailers, the price, determined
6 as nearly as possible according to the actual price, that other
7 distributors sell similar tobacco products of like quality and
8 character to unaffiliated distributors, unaffiliated retailers, or
9 ultimate consumers;

10 (iv) In the case of a taxpayer that is a manufacturer selling
11 tobacco products directly to ultimate consumers, the actual price for
12 which the taxpayer sells those tobacco products to ultimate consumers;

13 (v) In the case of a taxpayer that has acquired tobacco products
14 under a sale as defined in subsection (18)(b) of this section, the
15 price, determined as nearly as possible according to the actual price,
16 that the taxpayer or other distributors sell the same tobacco products
17 or similar tobacco products of like quality and character to
18 unaffiliated distributors, unaffiliated retailers, or ultimate
19 consumers; or

20 (vi) In any case where (a)(i) through (v) of this subsection do not
21 apply, the price, determined as nearly as possible according to the
22 actual price, that the taxpayer or other distributors sell the same
23 tobacco products or similar tobacco products of like quality and
24 character to unaffiliated distributors, unaffiliated retailers, or
25 ultimate consumers.

26 (b) For purposes of (a)(i) and (ii) of this subsection only,
27 "person" includes both persons as defined in subsection (14) of this
28 section and any person immune from state taxation, including the United
29 States or its instrumentalities, and federally recognized Indian tribes
30 and enrolled tribal members, conducting business within Indian country.

31 (c) The department may adopt rules regarding the determination of
32 taxable sales price under this subsection.

33 (20) "Taxpayer" means a person liable for the tax imposed by this
34 chapter.

35 (21) "Tobacco products" means cigars, cheroots, stogies, periques,
36 granulated, plug cut, crimp cut, ready rubbed, and other smoking
37 tobacco, snuff, snuff flour, cavendish, plug and twist tobacco, fine-
38 cut and other chewing tobaccos, shorts, refuse scraps, clippings,

1 cuttings and sweepings of tobacco, and other kinds and forms of
2 tobacco, prepared in such manner as to be suitable for chewing or
3 smoking in a pipe or otherwise, or both for chewing and smoking, and
4 any other product, regardless of form, that contains tobacco and is
5 intended for human consumption or placement in the oral or nasal cavity
6 or absorption into the human body by any other means, but does not
7 include cigarettes as defined in RCW 82.24.010.

8 (22) "Unaffiliated distributor" means a distributor that is not
9 affiliated with the manufacturer, distributor, or other person from
10 whom the distributor has purchased tobacco products.

11 (23) "Unaffiliated retailer" means a retailer that is not
12 affiliated with the manufacturer, distributor, or other person from
13 whom the retailer has purchased tobacco products.

14 **Sec. 187.** RCW 82.26.060 and 2009 c 154 s 3 are each amended to
15 read as follows:

16 (1) Every distributor shall keep at each place of business complete
17 and accurate records for that place of business, including itemized
18 invoices, of tobacco products held, purchased, manufactured, brought in
19 or caused to be brought in from without the state, or shipped or
20 transported to retailers in this state, and of all sales of tobacco
21 products made.

22 (2) These records shall show the names and addresses of purchasers,
23 the inventory of all tobacco products, and other pertinent papers and
24 documents relating to the purchase, sale, or disposition of tobacco
25 products. All invoices and other records required by this section to
26 be kept shall be preserved for a period of five years from the date of
27 the invoices or other documents or the date of the entries appearing in
28 the records.

29 (3) At any time during usual business hours the department,
30 (~~board~~) office, or its duly authorized agents or employees, may enter
31 any place of business of a distributor, without a search warrant, and
32 inspect the premises, the records required to be kept under this
33 chapter, and the tobacco products contained therein, to determine
34 whether or not all the provisions of this chapter are being fully
35 complied with. If the department, (~~board~~) office, or any of its
36 agents or employees, are denied free access or are hindered or
37 interfered with in making such examination, the registration

1 certificate issued under RCW 82.32.030 of the distributor at such
2 premises shall be subject to revocation, and any licenses issued under
3 this chapter or chapter 82.24 RCW are subject to suspension or
4 revocation, by the department or ((~~board~~)) office.

5 **Sec. 188.** RCW 82.26.080 and 2005 c 180 s 5 are each amended to
6 read as follows:

7 (1) Every retailer shall procure itemized invoices of all tobacco
8 products purchased. The invoices shall show the seller's name and
9 address, the date of purchase, and all prices and discounts.

10 (2) The retailer shall keep at each retail outlet copies of
11 complete, accurate, and legible invoices for that retail outlet or
12 place of business. All invoices required to be kept under this section
13 shall be preserved for five years from the date of purchase.

14 (3) At any time during usual business hours the department,
15 ((~~board~~)) office, or its duly authorized agents or employees may enter
16 any retail outlet without a search warrant, and inspect the premises
17 for invoices required to be kept under this section and the tobacco
18 products contained in the retail outlet, to determine whether or not
19 all the provisions of this chapter are being fully complied with. If
20 the department, ((~~board~~)) office, or any of its agents or employees,
21 are denied free access or are hindered or interfered with in making the
22 inspection, the registration certificate issued under RCW 82.32.030 of
23 the retailer at the premises is subject to revocation, and any licenses
24 issued under this chapter or chapter 82.24 RCW are subject to
25 suspension or revocation by the department.

26 **Sec. 189.** RCW 82.26.105 and 2007 c 221 s 3 are each amended to
27 read as follows:

28 (1) For the purposes of obtaining information concerning any matter
29 relating to the administration or enforcement of this chapter, the
30 department, the ((~~board~~)) office, or any of its agents may inspect the
31 books, documents, or records of any person transporting tobacco
32 products for sale to any person or entity in the state, and books,
33 documents, or records containing any information relating to the
34 transportation or possession of tobacco products for sale in the
35 possession of a specific common carrier as defined in RCW 81.80.010

1 doing business in this state, or books, documents, and records of
2 vehicle rental agencies whose vehicles are being rented for the purpose
3 of transporting contraband tobacco products.

4 (2) If a person neglects or refuses to produce and submit for
5 inspection any book, record, or document as required by this section
6 when requested to do so by the department, the ((~~board~~)) office, or its
7 agent, then the department or the ((~~board~~)) office may seek an order in
8 superior court compelling production of the books, records, or
9 documents.

10 **Sec. 190.** RCW 82.26.121 and 1997 c 420 s 11 are each amended to
11 read as follows:

12 The department shall appoint, as duly authorized agents,
13 enforcement officers of the ((~~liquor control board~~)) office to enforce
14 provisions of this chapter. These officers shall not be considered
15 employees of the department.

16 **Sec. 191.** RCW 82.26.140 and 2005 c 180 s 10 are each amended to
17 read as follows:

18 (1) No person other than (a) a licensed distributor in the
19 distributor's own vehicle, a manufacturer's representative authorized
20 to sell or distribute tobacco products in this state under RCW
21 82.26.210, or a licensed retailer in the retailer's own vehicle, or (b)
22 a person who has given notice to the ((~~board~~)) office in advance of the
23 commencement of transportation shall transport or cause to be
24 transported in this state tobacco products for sale.

25 (2) When transporting tobacco products for sale, the person shall
26 have in his or her actual possession, or cause to have in the actual
27 possession of those persons transporting such tobacco products on his
28 or her behalf, invoices or delivery tickets for the tobacco products,
29 which shall show the true name and address of the consignor or seller,
30 the true name and address of the consignee or purchaser, and the
31 quantity and brands of the tobacco products being transported.

32 (3) In any case where the department or the ((~~board~~)) office, or
33 any peace officer of the state, has knowledge or reasonable grounds to
34 believe that any vehicle is transporting tobacco products in violation
35 of this section, the department, the ((~~board~~)) office, or peace

1 officer, is authorized to stop the vehicle and to inspect it for
2 contraband tobacco products.

3 **Sec. 192.** RCW 82.26.150 and 2009 c 154 s 4 are each amended to
4 read as follows:

5 (1) The licenses issuable by the ((~~board~~)) office under this
6 chapter are as follows:

- 7 (a) A distributor's license; and
- 8 (b) A retailer's license.

9 (2) Application for the licenses shall be made through the master
10 license system under chapter 19.02 RCW. The ((~~board~~)) office may adopt
11 rules regarding the regulation of the licenses. The ((~~board~~)) office
12 may refuse to issue any license under this chapter if the ((~~board~~))
13 office has reasonable cause to believe that the applicant has willfully
14 withheld information requested for the purpose of determining the
15 eligibility of the applicant to receive a license, or if the ((~~board~~))
16 office has reasonable cause to believe that information submitted in
17 the application is false or misleading or is not made in good faith.
18 In addition, for the purpose of reviewing an application for a
19 distributor's license or retailer's license and for considering the
20 denial, suspension, or revocation of any such license, the ((~~board~~))
21 office may consider criminal conduct of the applicant, including an
22 administrative violation history record with the ((~~board~~)) office and
23 a criminal history record information check within the previous five
24 years, in any state, tribal, or federal jurisdiction in the United
25 States, its territories, or possessions, and the provisions of RCW
26 9.95.240 and chapter 9.96A RCW shall not apply to such cases. The
27 ((~~board~~)) office may, in its discretion, issue or refuse to issue the
28 distributor's license or retailer's license, subject to the provisions
29 of RCW 82.26.220.

30 (3) No person may qualify for a distributor's license or a
31 retailer's license under this section without first undergoing a
32 criminal background check. The background check shall be performed by
33 the ((~~board~~)) office and must disclose any criminal conduct within the
34 previous five years in any state, tribal, or federal jurisdiction in
35 the United States, its territories, or possessions. If the applicant
36 or licensee also has a license issued under chapter 66.24 or 82.24 RCW,

1 the background check done under the authority of chapter 66.24 or 82.24
2 RCW satisfies the requirements of this section.

3 (4) Each license issued under this chapter shall expire on the
4 master license expiration date. The license shall be continued
5 annually if the licensee has paid the required fee and complied with
6 all the provisions of this chapter and the rules of the (~~board~~)
7 office adopted pursuant to this chapter.

8 (5) Each license and any other evidence of the license required
9 under this chapter must be exhibited in each place of business for
10 which it is issued and in the manner required for the display of a
11 master license.

12 **Sec. 193.** RCW 82.26.180 and 2009 c 154 s 5 are each amended to
13 read as follows:

14 The (~~board~~) office shall compile and maintain a current record of
15 the names of all distributors and retailers licensed under this chapter
16 and the status of their license or licenses. The information must be
17 updated on a monthly basis and published on the (~~board's~~) office's
18 official internet web site. This information is not subject to the
19 confidentiality provisions of RCW 82.32.330 and shall be disclosed to
20 manufacturers, distributors, retailers, and the general public upon
21 request.

22 **Sec. 194.** RCW 82.26.190 and 2009 c 154 s 6 are each amended to
23 read as follows:

24 (1)(a) No person may engage in or conduct business as a distributor
25 or retailer in this state after September 30, 2005, without a valid
26 license issued under this chapter. Any person who sells tobacco
27 products to persons other than ultimate consumers or who meets the
28 definition of distributor under RCW 82.26.010(~~(+3)~~) (7)(d) must obtain
29 a distributor's license under this chapter. Any person who sells
30 tobacco products to ultimate consumers must obtain a retailer's license
31 under this chapter.

32 (b) A violation of this subsection (1) is punishable as a class C
33 felony according to chapter 9A.20 RCW.

34 (2)(a) No person engaged in or conducting business as a distributor
35 or retailer in this state may:

1 (i) Refuse to allow the department or the ((~~board~~)) office, on
2 demand, to make a full inspection of any place of business where any of
3 the tobacco products taxed under this chapter are sold, stored, or
4 handled, or otherwise hinder or prevent such inspection;

5 (ii) Make, use, or present or exhibit to the department or the
6 ((~~board~~)) office any invoice for any of the tobacco products taxed
7 under this chapter that bears an untrue date or falsely states the
8 nature or quantity of the goods invoiced; or

9 (iii) Fail to produce on demand of the department or the ((~~board~~))
10 office all invoices of all the tobacco products taxed under this
11 chapter within five years prior to such demand unless the person can
12 show by satisfactory proof that the nonproduction of the invoices was
13 due to causes beyond the person's control.

14 (b) No person, other than a licensed distributor or retailer, may
15 transport tobacco products for sale in this state for which the taxes
16 imposed under this chapter have not been paid unless:

17 (i) Notice of the transportation has been given as required under
18 RCW 82.26.140;

19 (ii) The person transporting the tobacco products actually
20 possesses invoices or delivery tickets showing the true name and
21 address of the consignor or seller, the true name and address of the
22 consignee or purchaser, and the quantity and brands of tobacco products
23 being transported; and

24 (iii) The tobacco products are consigned to or purchased by a
25 person in this state who is licensed under this chapter.

26 (c) A violation of this subsection (2) is a gross misdemeanor.

27 (3) Any person licensed under this chapter as a distributor, and
28 any person licensed under this chapter as a retailer, shall not operate
29 in any other capacity unless the additional appropriate license is
30 first secured. A violation of this subsection (3) is a misdemeanor.

31 (4) The penalties provided in this section are in addition to any
32 other penalties provided by law for violating the provisions of this
33 chapter or the rules adopted under this chapter.

34 **Sec. 195.** RCW 82.26.210 and 2009 c 154 s 7 are each amended to
35 read as follows:

36 A manufacturer that has manufacturer's representatives who sell or
37 distribute the manufacturer's tobacco products in this state must

1 provide the ((~~board~~)) office a list of the names and addresses of all
2 such representatives and must ensure that the list provided to the
3 ((~~board~~)) office is kept current. A manufacturer's representative is
4 not authorized to distribute or sell tobacco products in this state
5 unless the manufacturer that hired the representative has a valid
6 distributor's license under this chapter and that manufacturer provides
7 the ((~~board~~)) office a current list of all of its manufacturer's
8 representatives as required by this section. A manufacturer's
9 representative must carry a copy of the distributor's license of the
10 manufacturer that hired the representative at all times when selling or
11 distributing the manufacturer's tobacco products.

12 **Sec. 196.** RCW 82.26.220 and 2009 c 154 s 8 are each amended to
13 read as follows:

14 (1) The ((~~board~~)) office shall enforce this chapter. The ((~~board~~))
15 office may adopt, amend, and repeal rules necessary to enforce and
16 administer this chapter.

17 (2) The department may adopt, amend, and repeal rules necessary to
18 administer this chapter. The ((~~board~~)) office may revoke or suspend
19 the distributor's or retailer's license of any distributor or retailer
20 of tobacco products in the state upon sufficient cause showing a
21 violation of this chapter or upon the failure of the licensee to comply
22 with any of the rules adopted under it.

23 (3) A license shall not be suspended or revoked except upon notice
24 to the licensee and after a hearing as prescribed by the ((~~board~~))
25 office. The ((~~board~~)) office, upon finding that the licensee has
26 failed to comply with any provision of this chapter or of any rule
27 adopted under it, shall, in the case of the first offense, suspend the
28 license or licenses of the licensee for a period of not less than
29 thirty consecutive business days, and in the case of a second or
30 further offense, suspend the license or licenses for a period of not
31 less than ninety consecutive business days but not more than twelve
32 months, and in the event the ((~~board~~)) office finds the licensee has
33 been guilty of willful and persistent violations, it may revoke the
34 license or licenses.

35 (4) Any licenses issued under chapter 82.24 RCW to a person whose
36 license or licenses have been suspended or revoked under this section

1 shall also be suspended or revoked during the period of suspension or
2 revocation under this section.

3 (5) Any person whose license or licenses have been revoked under
4 this section may reapply to the ((~~board~~)) office at the expiration of
5 one year of the license or licenses. The license or licenses may be
6 approved by the ((~~board~~)) office if it appears to the satisfaction of
7 the ((~~board~~)) office that the licensee will comply with the provisions
8 of this chapter and the rules adopted under it.

9 (6) A person whose license has been suspended or revoked shall not
10 sell tobacco products or cigarettes or permit tobacco products or
11 cigarettes to be sold during the period of suspension or revocation on
12 the premises occupied by the person or upon other premises controlled
13 by the person or others or in any other manner or form.

14 (7) Any determination and order by the ((~~board~~)) office, and any
15 order of suspension or revocation by the ((~~board~~)) office of the
16 license or licenses issued under this chapter, or refusal to reinstate
17 a license or licenses after revocation is reviewable by an appeal to
18 the superior court of Thurston county. The superior court shall review
19 the order or ruling of the ((~~board~~)) office and may hear the matter de
20 novo, having due regard to the provisions of this chapter and the
21 duties imposed upon the ((~~board~~)) office.

22 (8) If the ((~~board~~)) office makes an initial decision to deny a
23 license or renewal, or suspend or revoke a license, the applicant may
24 request a hearing subject to the applicable provisions under Title 34
25 RCW.

26 **Sec. 197.** RCW 82.26.230 and 2005 c 180 s 20 are each amended to
27 read as follows:

28 (1) Any tobacco products in the possession of a person selling
29 tobacco products in this state acting as a distributor or retailer and
30 who is not licensed as required under RCW 82.26.190, or a person who is
31 selling tobacco products in violation of RCW 82.26.220(6), may be
32 seized without a warrant by any agent of the department, agent of the
33 ((~~board~~)) office, or law enforcement officer of this state. Any
34 tobacco products seized under this subsection shall be deemed
35 forfeited.

36 (2) Any tobacco products in the possession of a person who is not
37 a licensed distributor or retailer and who transports tobacco products

1 for sale without having provided notice to the ((~~board~~)) office
2 required under RCW 82.26.140, or without invoices or delivery tickets
3 showing the true name and address of the consignor or seller, the true
4 name and address of the consignee or purchaser, and the quantity and
5 brands of tobacco products being transported may be seized and are
6 subject to forfeiture.

7 (3) All conveyances, including aircraft, vehicles, or vessels that
8 are used, or intended for use to transport, or in any manner to
9 facilitate the transportation, for the purpose of sale or receipt of
10 tobacco products under subsection (2) of this section, may be seized
11 and are subject to forfeiture except:

12 (a) A conveyance used by any person as a common or contract carrier
13 having in actual possession invoices or delivery tickets showing the
14 true name and address of the consignor or seller, the true name of the
15 consignee or purchaser, and the quantity and brands of the tobacco
16 products transported, unless it appears that the owner or other person
17 in charge of the conveyance is a consenting party or privy to a
18 violation of this chapter;

19 (b) A conveyance subject to forfeiture under this section by reason
20 of any act or omission of which the owner establishes to have been
21 committed or omitted without his or her knowledge or consent; or

22 (c) A conveyance encumbered by a bona fide security interest if the
23 secured party neither had knowledge of nor consented to the act or
24 omission.

25 (4) Property subject to forfeiture under subsections (2) and (3) of
26 this section may be seized by any agent of the department, the
27 ((~~board~~)) office, or law enforcement officer of this state upon process
28 issued by any superior court or district court having jurisdiction over
29 the property. Seizure without process may be made if:

30 (a) The seizure is incident to an arrest or a search warrant or an
31 inspection under an administrative inspection warrant; or

32 (b) The department, ((~~board~~)) office, or law enforcement officer
33 has probable cause to believe that the property was used or is intended
34 to be used in violation of this chapter and exigent circumstances exist
35 making procurement of a search warrant impracticable.

36 (5) This section shall not be construed to require the seizure of
37 tobacco products if the department's agent, ((~~board's~~)) office's agent,

1 or law enforcement officer reasonably believes that the tobacco
2 products are possessed for personal consumption by the person in
3 possession of the tobacco products.

4 (6) Any tobacco products seized by a law enforcement officer shall
5 be turned over to the ((~~board~~)) office as soon as practicable.

6 **Sec. 198.** RCW 82.26.240 and 2005 c 180 s 21 are each amended to
7 read as follows:

8 (1) In all cases of seizure of any tobacco products made subject to
9 forfeiture under this chapter, the department or ((~~board~~)) office shall
10 proceed as provided in RCW 82.24.135.

11 (2) When tobacco products are forfeited under this chapter, the
12 department or ((~~board~~)) office may:

13 (a) Retain the property for official use or upon application by any
14 law enforcement agency of this state, another state, or the District of
15 Columbia, or of the United States for the exclusive use of enforcing
16 this chapter or the laws of any other state or the District of Columbia
17 or of the United States; or

18 (b) Sell the tobacco products at public auction to the highest
19 bidder after due advertisement. Before delivering any of the goods to
20 the successful bidder, the department or ((~~board~~)) office shall require
21 the purchaser to pay the proper amount of any tax due. The proceeds of
22 the sale shall be first applied to the payment of all proper expenses
23 of any investigation leading to the seizure and of the proceedings for
24 forfeiture and sale, including expenses of seizure, maintenance of
25 custody, advertising, and court costs. The balance of the proceeds and
26 all money shall be deposited in the general fund of the state. Proper
27 expenses of investigation include costs incurred by any law enforcement
28 agency or any federal, state, or local agency.

29 (3) The department or the ((~~board~~)) office may return any property
30 seized under the provisions of this chapter when it is shown that there
31 was no intention to violate the provisions of this chapter. When any
32 property is returned under this section, the department or the
33 ((~~board~~)) office may return the property to the parties from whom they
34 were seized if and when such parties have paid the proper amount of tax
35 due under this chapter.

1 **Sec. 199.** RCW 82.26.250 and 2005 c 180 s 22 are each amended to
2 read as follows:

3 When the department or the ((~~board~~)) office has good reason to
4 believe that any of the tobacco products taxed under this chapter are
5 being kept, sold, offered for sale, or given away in violation of the
6 provisions of this chapter, it may make affidavit of facts describing
7 the place or thing to be searched, before any judge of any court in
8 this state, and the judge shall issue a search warrant directed to the
9 sheriff, any deputy, police officer, or duly authorized agent of the
10 department or the ((~~board~~)) office commanding him or her diligently to
11 search any building, room in a building, place, or vehicle as may be
12 designated in the affidavit and search warrant, and to seize the
13 tobacco products and hold them until disposed of by law.

14 **Sec. 200.** RCW 82.32.300 and 1997 c 420 s 9 are each amended to
15 read as follows:

16 The administration of this and chapters 82.04 through 82.27 RCW of
17 this title is vested in the department of revenue which shall prescribe
18 forms and rules of procedure for the determination of the taxable
19 status of any person, for the making of returns and for the
20 ascertainment, assessment and collection of taxes and penalties imposed
21 thereunder.

22 The department of revenue shall make and publish rules and
23 regulations, not inconsistent therewith, necessary to enforce
24 provisions of this chapter and chapters 82.02 through 82.23B and 82.27
25 RCW, and the ((~~liquor~~)) office of alcohol beverage control ((~~board~~))
26 shall make and publish rules necessary to enforce chapters 82.24 and
27 82.26 RCW, which shall have the same force and effect as if
28 specifically included therein, unless declared invalid by the judgment
29 of a court of record not appealed from.

30 The department may employ such clerks, specialists, and other
31 assistants as are necessary. Salaries and compensation of such
32 employees shall be fixed by the department and shall be charged to the
33 proper appropriation for the department.

34 The department shall exercise general supervision of the collection
35 of taxes and, in the discharge of such duty, may institute and
36 prosecute such suits or proceedings in the courts as may be necessary
37 and proper.

1 NEW SECTION. **Sec. 201.** (1) All powers, duties, and functions of
2 the liquor control board are transferred to the office of alcohol
3 beverage control. All references to the liquor control board in the
4 Revised Code of Washington shall be construed to mean the director of
5 the office of alcohol beverage control or the office of alcohol
6 beverage control when referring to the functions transferred in this
7 section.

8 (2)(a) All reports, documents, surveys, books, records, files,
9 papers, or written material in the possession of the liquor control
10 board pertaining to the powers, functions, and duties transferred shall
11 be delivered to the custody of the office of alcohol beverage control.
12 All cabinets, furniture, office equipment, motor vehicles, and other
13 tangible property employed by the liquor control board in carrying out
14 the powers, functions, and duties transferred shall be made available
15 to the office of alcohol beverage control. All funds, credits, or
16 other assets held in connection with the powers, functions, and duties
17 transferred shall be assigned to the office of alcohol beverage
18 control.

19 (b) Any appropriations made to the liquor control board for
20 carrying out the powers, functions, and duties transferred shall, on
21 the effective date of this section, be transferred and credited to the
22 office of alcohol beverage control.

23 (c) Whenever any question arises as to the transfer of any
24 personnel, funds, books, documents, records, papers, files, equipment,
25 or other tangible property used or held in the exercise of the powers
26 and the performance of the duties and functions transferred, the
27 director of financial management shall make a determination as to the
28 proper allocation and certify the same to the state agencies concerned.

29 (3) All employees of the liquor control board engaged in performing
30 the powers, functions, and duties transferred are transferred to the
31 jurisdiction of the office of alcohol beverage control. All employees
32 classified under chapter 41.06 RCW, the state civil service law, are
33 assigned to the office of alcohol beverage control to perform their
34 usual duties upon the same terms as formerly, without any loss of
35 rights, subject to any action that may be appropriate thereafter in
36 accordance with the laws and rules governing state civil service.

37 (4) All rules and all pending business before the liquor control
38 board pertaining to the powers, functions, and duties transferred shall

1 be continued and acted upon by the office of alcohol beverage control.
2 All existing contracts and obligations shall remain in full force and
3 shall be performed by the office of alcohol beverage control.

4 (5) The transfer of the powers, duties, functions, and personnel of
5 the liquor control board shall not affect the validity of any act
6 performed before the effective date of this section.

7 (6) If apportionments of budgeted funds are required because of the
8 transfers directed by this section, the director of financial
9 management shall certify the apportionments to the agencies affected,
10 the state auditor, and the state treasurer. Each of these shall make
11 the appropriate transfer and adjustments in funds and appropriation
12 accounts and equipment records in accordance with the certification.

13 (7) All classified employees of the liquor control board assigned
14 to the office of alcohol beverage control under this section whose
15 positions are within an existing bargaining unit description at the
16 office of alcohol beverage control shall become a part of the existing
17 bargaining unit at the office of alcohol beverage control and shall be
18 considered an appropriate inclusion or modification of the existing
19 bargaining unit under the provisions of chapter 41.80 RCW.

20 NEW SECTION. **Sec. 202.** Sections 66 and 75 of this act take effect
21 December 1, 2012.

22 NEW SECTION. **Sec. 203.** Sections 65 and 74 of this act expire
23 December 1, 2012.

--- END ---