

SB 6220 - S AMD 612

By Senator Honeyford

NOT ADOPTED 03/05/2014

1 On page 1, after line 9, insert the following:

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3 "Sec. 2. RCW 66.24.630 and 2012 2nd sp.s. c 6 s 401 are each
4 amended to read as follows:

5 (1) There is a spirits retail license to: Sell spirits in
6 original containers to consumers for consumption off the licensed
7 premises and to permit holders; sell spirits in original containers to
8 retailers licensed to sell spirits for consumption on the premises,
9 for resale at their licensed premises according to the terms of their
10 licenses, although no single sale may exceed twenty-four liters,
11 unless the sale is by a licensee that was a contract liquor store
12 manager of a contract liquor store at the location of its spirits
13 retail licensed premises from which it makes such sales; and export
14 spirits.

15 (2) For the purposes of this title, a spirits retail license is a
16 retail license, and a sale by a spirits retailer is a retail sale only
17 if not for resale. Nothing in this title authorizes sales by on-sale
18 licensees to other retail licensees. The board must establish by rule
19 an obligation of on-sale spirits retailers to:

20 (a) Maintain a schedule by stock-keeping unit of all their
21 purchases of spirits from spirits retail licensees, indicating the
22 identity of the seller and the quantities purchased; and

23 (b) Provide, not more frequently than quarterly, a report for each
24 scheduled item containing the identity of the purchasing on-premise
25 licensee and the quantities of that scheduled item purchased since any
26 preceding report to:

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1 (i) A distributor authorized by the distiller to distribute a
2 scheduled item in the on-sale licensee's geographic area; or

3 (ii) A distiller acting as distributor of the scheduled item in
4 the area.

5 (3)(a) Except as otherwise provided in (c) of this subsection, the
6 board may issue spirits retail licenses only for premises comprising
7 at least ten thousand square feet of fully enclosed retail space
8 within a single structure, including storerooms and other interior
9 auxiliary areas but excluding covered or fenced exterior areas,
10 whether or not attached to the structure, and only to applicants that
11 the board determines will maintain systems for inventory management,
12 employee training, employee supervision, and physical security of the
13 product substantially as effective as those of stores currently
14 operated by the board with respect to preventing sales to or pilferage
15 by underage or inebriated persons.

16 (b) License issuances and renewals are subject to RCW 66.24.010
17 and the regulations promulgated thereunder, including without
18 limitation rights of cities, towns, county legislative authorities,
19 the public, churches, schools, and public institutions to object to or
20 prevent issuance of local liquor licenses. However, existing grocery
21 premises licensed to sell beer and/or wine are deemed to be premises
22 "now licensed" under RCW 66.24.010(9)(a) for the purpose of processing
23 applications for spirits retail licenses.

24 (c) The board may not deny a spirits retail license to an
25 otherwise qualified contract liquor store at its contract location or
26 to the holder of former state liquor store operating rights sold at
27 auction under RCW 66.24.620 on the grounds of location, nature, or
28 size of the premises to be licensed. The board may not deny a spirits
29 retail license to applicants that are not contract liquor stores or
30 operating rights holders on the grounds of the size of the premises to
31 be licensed, if such applicant is otherwise qualified and the board
32 determines that:

33 (i) There is no retail spirits license holder in the trade area
34 that the applicant proposes to serve;

1 (ii) The applicant meets, or upon licensure will meet, the
2 operational requirements established by the board by rule; and

3 (iii) The licensee has not committed more than one public safety
4 violation within the three years preceding application.

5 (d) A retailer authorized to sell spirits for consumption on or
6 off the licensed premises may accept delivery of spirits at its
7 licensed premises or at one or more warehouse facilities registered
8 with the board, which facilities may also warehouse and distribute
9 nonliquor items, and from which the retailer may deliver to its own
10 licensed premises and, pursuant to sales permitted under subsection
11 (1) of this section:

12 (i) To other retailer premises licensed to sell spirits for
13 consumption on the licensed premises;

14 (ii) To other registered facilities; or

15 (iii) To lawful purchasers outside the state. The facilities may
16 be registered and utilized by associations, cooperatives, or
17 comparable groups of retailers, including at least one retailer
18 licensed to sell spirits.

19 (4)(a) Except as otherwise provided in RCW 66.24.632 and in (b)
20 and (c) of this subsection, each spirits retail licensee must pay to
21 the board, for deposit into the liquor revolving fund, a license
22 issuance fee equivalent to seventeen percent of all spirits sales
23 revenues under the license, exclusive of taxes collected by the
24 licensee and of sales of items on which a license fee payable under
25 this section has otherwise been incurred. The board must establish
26 rules setting forth the timing of such payments and reporting of sales
27 dollar volume by the licensee, with payments required quarterly in
28 arrears. The first payment is due October 1, 2012.

29 (b) Those licensees who are owners of former contract liquor
30 stores, and are licensed under subsection (3)(c) of this section, are
31 subject to the following requirements regarding the payment of license
32 issuance fees:

33 (i) Licensees with monthly gross receipts of fifty thousand
34 dollars or less shall pay a license issuance fee of four percent of

1 its retail spirit sales revenues;

2 (ii) Licensees with monthly gross receipts greater than fifty
3 thousand dollars and less than one hundred thousand dollars shall pay
4 a license issuance fee of seven percent of its retail spirit sales
5 revenues; and

6 (ii) Licensees with monthly gross receipts of one hundred thousand
7 dollars or more shall pay a license issuance fee of seventeen percent
8 of its retail spirits sales revenues.

9 (c) This subsection (4) does not apply to craft distilleries.

10 (5) In addition to the payment required under subsection (4) of
11 this section, each licensee must pay an annual license renewal fee of
12 one hundred sixty-six dollars. The board must periodically review and
13 adjust the renewal fee as may be required to maintain it as comparable
14 to annual license renewal fees for licenses to sell beer and wine not
15 for consumption on the licensed premises. If required by law at the
16 time, any increase of the annual renewal fee becomes effective only
17 upon ratification by the legislature.

18 (6) As a condition to receiving and renewing a retail spirits
19 license the licensee must provide training as prescribed by the board
20 by rule for individuals who sell spirits or who manage others who sell
21 spirits regarding compliance with laws and regulations regarding sale
22 of spirits, including without limitation the prohibitions against sale
23 of spirits to individuals who are underage or visibly intoxicated.
24 The training must be provided before the individual first engages in
25 the sale of spirits and must be renewed at least every five years.
26 The licensee must maintain records documenting the nature and
27 frequency of the training provided. An employee training program is
28 presumptively sufficient if it incorporates a "responsible vendor
29 program" promulgated by the board.

30 (7) The maximum penalties prescribed by the board in WAC 314-29-
31 020 through 314-29-040 relating to fines and suspensions are doubled
32 for violations relating to the sale of spirits by retail spirits
33 licensees.

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1 (8)(a) The board must promulgate regulations concerning the
2 adoption and administration of a compliance training program for
3 spirits retail licensees, to be known as a "responsible vendor
4 program," to reduce underage drinking, encourage licensees to adopt
5 specific best practices to prevent sales to minors, and provide
6 licensees with an incentive to give their employees ongoing training
7 in responsible alcohol sales and service.

8 (b) Licensees who join the responsible vendor program under this
9 section and maintain all of the program's requirements are not subject
10 to the doubling of penalties provided in this section for a single
11 violation in any period of twelve calendar months.

12 (c) The responsible vendor program must be free, voluntary, and
13 self-monitoring.

14 (d) To participate in the responsible vendor program, licensees
15 must submit an application form to the board. If the application
16 establishes that the licensee meets the qualifications to join the
17 program, the board must send the licensee a membership certificate.

18 (e) A licensee participating in the responsible vendor program
19 must at a minimum:

20 (i) Provide ongoing training to employees;

21 (ii) Accept only certain forms of identification for alcohol
22 sales;

23 (iii) Adopt policies on alcohol sales and checking identification;

24 (iv) Post specific signs in the business; and

25 (v) Keep records verifying compliance with the program's
26 requirements."

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28 Renumber the remaining sections consecutively and correct any
29 internal references accordingly.

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EFFECT: Retail spirits licensees who are former contract liquor
store managers with monthly gross receipts of \$50,000 or less shall
pay the spirits retail license fee at the rate of 4%. Those same
licensees with monthly gross receipts between \$50,000 and \$100,000
must pay a license issuance fee of 7 percent. If their monthly gross

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receipts are \$100,000 or more, a license issuance fee of 17 percent must be paid.

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