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HOUSE BILL 1282

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State of Washington

63rd Legislature

2013 Regular Session

By Representative Haler

Read first time 01/22/13. Referred to Committee on Government  
Accountability & Oversight.

1 AN ACT Relating to eliminating the spirits retail license issuance  
2 fee; and amending RCW 66.24.630.

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

4 **Sec. 1.** RCW 66.24.630 and 2012 2nd sp.s. c 6 s 401 are each  
5 amended to read as follows:

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

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

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

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

10 (ii) A distiller acting as distributor of the scheduled item in the  
11 area.

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

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

31 (c) The board may not deny a spirits retail license to an otherwise  
32 qualified contract liquor store at its contract location or to the  
33 holder of former state liquor store operating rights sold at auction  
34 under RCW 66.24.620 on the grounds of location, nature, or size of the  
35 premises to be licensed. The board may not deny a spirits retail  
36 license to applicants that are not contract liquor stores or operating  
37 rights holders on the grounds of the size of the premises to be

1 licensed, if such applicant is otherwise qualified and the board  
2 determines that:

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

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

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

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

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

18 (ii) To other registered facilities; or

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

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

33 ~~(b) This subsection (4) does not apply to craft distilleries.~~

34 ~~(5) In addition to the payment required under subsection (4) of~~  
35 ~~this section,)) Each licensee must pay an annual license renewal fee of~~  
36 one hundred sixty-six dollars. The board must periodically review and  
37 adjust the renewal fee as may be required to maintain it as comparable  
38 to annual license renewal fees for licenses to sell beer and wine not

1 for consumption on the licensed premises. If required by law at the  
2 time, any increase of the annual renewal fee becomes effective only  
3 upon ratification by the legislature.

4 ~~((+6))~~ (5) As a condition to receiving and renewing a retail  
5 spirits license the licensee must provide training as prescribed by the  
6 board by rule for individuals who sell spirits or who manage others who  
7 sell spirits regarding compliance with laws and regulations regarding  
8 sale of spirits, including without limitation the prohibitions against  
9 sale of spirits to individuals who are underage or visibly intoxicated.  
10 The training must be provided before the individual first engages in  
11 the sale of spirits and must be renewed at least every five years. The  
12 licensee must maintain records documenting the nature and frequency of  
13 the training provided. An employee training program is presumptively  
14 sufficient if it incorporates a "responsible vendor program"  
15 promulgated by the board.

16 ~~((+7))~~ (6) The maximum penalties prescribed by the board in WAC  
17 314-29-020 through 314-29-040 relating to fines and suspensions are  
18 doubled for violations relating to the sale of spirits by retail  
19 spirits licensees.

20 ~~((+8))~~ (7)(a) The board must promulgate regulations concerning the  
21 adoption and administration of a compliance training program for  
22 spirits retail licensees, to be known as a "responsible vendor  
23 program," to reduce underage drinking, encourage licensees to adopt  
24 specific best practices to prevent sales to minors, and provide  
25 licensees with an incentive to give their employees ongoing training in  
26 responsible alcohol sales and service.

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

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

33 (d) To participate in the responsible vendor program, licensees  
34 must submit an application form to the board. If the application  
35 establishes that the licensee meets the qualifications to join the  
36 program, the board must send the licensee a membership certificate.

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

- 1 (i) Provide ongoing training to employees;
- 2 (ii) Accept only certain forms of identification for alcohol sales;
- 3 (iii) Adopt policies on alcohol sales and checking identification;
- 4 (iv) Post specific signs in the business; and
- 5 (v) Keep records verifying compliance with the program's
- 6 requirements.

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