
HOUSE BILL 1503

State of Washington 63rd Legislature 2013 Regular Session

By Representatives Carlyle and Ryu; by request of Department of Revenue
Read first time 01/29/13. Referred to Committee on Finance.

1 AN ACT Relating to increasing excise tax revenue with liquor
2 license renewals; amending RCW 82.08.155, 82.32.080, 82.03.190,
3 66.24.010, 66.08.150, and 34.05.422; adding a new section to chapter
4 82.32 RCW; creating a new section; recodifying RCW 82.08.155; providing
5 an effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 82.08.155 and 2012 c 39 s 1 are each amended to read
8 as follows:

9 (1)(a) If the department determines that a taxpayer is more than
10 thirty days delinquent in reporting or remitting ((spirits)) any taxes
11 on a tax return or assessed by the department, including any applicable
12 penalties and interest on such taxes, the department may request that
13 the liquor control board take any or all of the following actions:
14 Suspend the taxpayer's ((spirits)) liquor license or licenses and
15 refuse to renew any existing ((spirits)) liquor license held by the
16 taxpayer or issue any new ((spirits)) liquor license to the taxpayer.
17 The department must provide written notice to the affected taxpayer of
18 the department's request to the liquor control board.

1 (b) Before the department may make a request to the liquor control
2 board as authorized in (a) of this subsection (1), the department must
3 have provided the taxpayer with at least seven calendar days prior
4 written notice. This notice must inform the taxpayer that the
5 department intends to request that the liquor control board suspend the
6 taxpayer's ((spirits)) liquor license or licenses and refuse to renew
7 any existing license of the taxpayer or issue any new ((spirits))
8 liquor license to the taxpayer unless, within seven calendar days of
9 the date of the notice, the taxpayer submits any unfiled tax returns
10 for reporting ((spirits)) taxes and remits full payment of its
11 outstanding ((spirits)) tax liability, including any applicable
12 penalties and interest on such taxes, to the department or negotiates
13 payment arrangements for the unpaid ((spirits)) taxes and any
14 applicable penalties and interest. The notice required by this
15 subsection (1)(b) must include information listing any unfiled tax
16 returns; the amount of unpaid ((spirits)) taxes, including any
17 applicable penalties and interest; who to contact to inquire about
18 payment arrangements; and that the taxpayer may seek administrative
19 review by the department of the notice, and the deadline for seeking
20 such review. Nothing in this subsection (1)(b) requires the department
21 to enter into any payment arrangement proposed by a taxpayer if the
22 department determines that the taxpayer's proposal is not satisfactory.

23 (c) The department may not make a request to the liquor control
24 board under (a) of this subsection (~~((1)(a) of this section relating to~~
25 ~~any spirits taxes that))~~ as long as all unpaid taxes are the subject of
26 pending administrative review by the department.

27 (2) A taxpayer's right to administrative review of the notice
28 required in subsection (1)(b) of this section:

29 (a) May be conducted under any rule adopted pursuant to RCW
30 82.01.060(4) or as a brief adjudicative proceeding under RCW 34.05.485
31 through 34.05.494; and

32 (b) Does not include the right to challenge the amount of any
33 ((spirits)) taxes assessed by the department if the taxpayer previously
34 sought or could have sought administrative review of the assessment as
35 provided in RCW 82.32.160.

36 (3) The notices required by this section may be provided
37 electronically in accordance with RCW 82.32.135.

38 (4) For purposes of this section:

1 (a) "~~((Spirits))~~ Liquor license" has the same meaning as in RCW
2 66.24.010(3)(c); and

3 (b) "~~((Spirits))~~ Taxes" means the taxes ~~((imposed in RCW~~
4 ~~82.08.150))~~ to which this chapter applies.

5 **Sec. 2.** RCW 82.32.080 and 2012 c 39 s 2 are each amended to read
6 as follows:

7 (1) When authorized by the department, payment of the tax may be
8 made by uncertified check under such rules as the department
9 prescribes, but, if a check so received is not paid by the bank on
10 which it is drawn, the taxpayer, by whom such check is tendered, will
11 remain liable for payment of the tax and for all legal penalties and
12 interest, the same as if such check had not been tendered.

13 (2)(a) Except as otherwise provided in this subsection, payment of
14 the tax must be made by electronic funds transfer, as defined in RCW
15 82.32.085. As an alternative to electronic funds transfer, the
16 department may authorize other forms of electronic payment, such as
17 payment by credit card. All taxes administered by this chapter are
18 subject to this requirement, except that the department may exclude any
19 taxes not reported on the combined excise tax return or any successor
20 return from the electronic payment requirement in this subsection.

21 (b) The department may waive the electronic payment requirement in
22 this subsection for any taxpayer or class of taxpayers, for good cause
23 or for whom the department has assigned a reporting frequency that is
24 less than quarterly. In the discretion of the department, a waiver
25 under this subsection may be made temporary or permanent, and may be
26 made on the department's own motion.

27 (c) The department is authorized to accept payment of taxes by
28 electronic funds transfer or other acceptable forms of electronic
29 payment from taxpayers that are not subject to the mandatory electronic
30 payment requirements in this subsection.

31 (3)(a) Except as otherwise provided in this subsection, returns
32 must be filed electronically using the department's online tax filing
33 service or other method of electronic reporting as the department may
34 authorize.

35 (b) The department may waive the electronic filing requirement in
36 this subsection for any taxpayer or class of taxpayers, for good cause
37 or for whom the department has assigned a reporting frequency that is

1 less than quarterly. In the discretion of the department, a waiver
2 under this subsection may be made temporary or permanent, and may be
3 made on the department's own motion.

4 (c) The department is authorized to allow electronic filing of
5 returns from taxpayers that are not subject to the mandatory electronic
6 filing requirements in this subsection.

7 (4)(a)(i) The department, for good cause shown, may extend the time
8 for making and filing any return, and may grant such reasonable
9 additional time within which to make and file returns as it may deem
10 proper, but any permanent extension granting the taxpayer a reporting
11 date without penalty more than ten days beyond the due date, and any
12 extension in excess of thirty days must be conditional on deposit with
13 the department of an amount to be determined by the department which is
14 approximately equal to the estimated tax liability for the reporting
15 period or periods for which the extension is granted. In the case of
16 a permanent extension or a temporary extension of more than thirty days
17 the deposit must be deposited within the state treasury with other tax
18 funds and a credit recorded to the taxpayer's account which may be
19 applied to taxpayer's liability upon cancellation of the permanent
20 extension or upon reporting of the tax liability where an extension of
21 more than thirty days has been granted.

22 (ii) The department must review the requirement for deposit at
23 least annually and may require a change in the amount of the deposit
24 required when it believes that such amount does not approximate the tax
25 liability for the reporting period or periods for which the extension
26 is granted.

27 (b) During a state of emergency declared under RCW 43.06.010(12),
28 the department, on its own motion or at the request of any taxpayer
29 affected by the emergency, may extend the time for making or filing any
30 return as the department deems proper. The department may not require
31 any deposit as a condition for granting an extension under this
32 subsection (4)(b).

33 (5)((+a+)) The department must keep full and accurate records of
34 all funds received and disbursed by it. Subject to the provisions of
35 RCW 82.32.105, 82.32.052, and 82.32.350, the department must apply the
36 payment of the taxpayer in the following order, without regard to any
37 direction of the taxpayer: ((+i+)) (a) Interest; ((+ii+)) (b)

1 penalties; ~~((+iii+))~~ (c) fees; ~~((+iv+))~~ (d) other nontax amounts;
2 ~~((+v+))~~ and (e) taxes ~~(, except spirits taxes; and (vi) spirits taxes.~~

3 ~~(b) For purposes of this subsection, "spirits taxes" has the same~~
4 ~~meaning as in RCW 82.08.155).~~

5 (6) The department may refuse to accept any return that is not
6 accompanied by a remittance of the tax shown to be due thereon or that
7 is not filed electronically as required in this section. When such
8 return is not accepted, the taxpayer is deemed to have failed or
9 refused to file a return and is subject to the procedures provided in
10 RCW 82.32.100 and to the penalties provided in RCW 82.32.090. The
11 above authority to refuse to accept a return may not apply when a
12 return is timely filed electronically and a timely payment has been
13 made by electronic funds transfer or other form of electronic payment
14 as authorized by the department.

15 (7) Except for returns and remittances required to be transmitted
16 to the department electronically under this section and except as
17 otherwise provided in this chapter, a return or remittance that is
18 transmitted to the department by United States mail is deemed filed or
19 received on the date shown by the post office cancellation mark stamped
20 upon the envelope containing it. A return or remittance that is
21 transmitted to the department electronically is deemed filed or
22 received according to procedures set forth by the department.

23 (8)(a) For purposes of subsections (2) and (3) of this section,
24 "good cause" means the inability of a taxpayer to comply with the
25 requirements of subsection (2) or (3) of this section because:

26 (i) The taxpayer does not have the equipment or software necessary
27 to enable the taxpayer to comply with subsection (2) or (3) of this
28 section;

29 (ii) The equipment or software necessary to enable the taxpayer to
30 comply with subsection (2) or (3) of this section is not functioning
31 properly;

32 (iii) The taxpayer does not have access to the internet using the
33 taxpayer's own equipment;

34 (iv) The taxpayer does not have a bank account or a credit card;

35 (v) The taxpayer's bank is unable to send or receive electronic
36 funds transfer transactions; or

37 (vi) Some other circumstance or condition exists that, in the

1 department's judgment, prevents the taxpayer from complying with the
2 requirements of subsection (2) or (3) of this section.

3 (b) "Good cause" also includes any circumstance that, in the
4 department's judgment, supports the efficient or effective
5 administration of the tax laws of this state, including providing
6 relief from the requirements of subsection (2) or (3) of this section
7 to any taxpayer that is voluntarily collecting and remitting this
8 state's sales or use taxes on sales to Washington customers but has no
9 legal requirement to be registered with the department.

10 **Sec. 3.** RCW 82.03.190 and 2012 c 39 s 3 are each amended to read
11 as follows:

12 (1) Except as provided in subsection (2) of this section, any
13 person having received notice of a denial of a petition or a notice of
14 determination made under RCW 82.32.160, 82.32.170, 82.34.110, or
15 82.49.060 may appeal by filing in accordance with RCW 1.12.070 a notice
16 of appeal with the board of tax appeals within thirty days after the
17 mailing of the notice of such denial or determination. In the notice
18 of appeal the taxpayer must set forth the amount of the tax which the
19 taxpayer contends should be reduced or refunded and the reasons for
20 such reduction or refund, in accordance with rules of practice and
21 procedure prescribed by the board. However, if the notice of appeal
22 relates to an application made to the department under chapter 82.34
23 RCW, the taxpayer must set forth the amount to which the taxpayer
24 claims the credit or exemption should apply, and the grounds for such
25 contention, in accordance with rules of practice and procedure
26 prescribed by the board. The board must transmit a copy of the notice
27 of appeal to the department and all other named parties within thirty
28 days of its receipt by the board. If the taxpayer intends that the
29 hearing before the board be held pursuant to the administrative
30 procedure act (chapter 34.05 RCW), the notice of appeal must also so
31 state. In the event that the notice of appeal does not so state, the
32 department may, within thirty days from the date of its receipt of the
33 notice of appeal, file with the board notice of its intention that the
34 hearing be held pursuant to the administrative procedure act.

35 (2) No person may file a notice of appeal with the board of tax
36 appeals to contest the amount of ((spirits)) taxes assessed ((or
37 ~~asserted to be due~~)) by the department of revenue unless the person has

1 first paid the full amount of (~~the contested spirits taxes. For~~
2 ~~purposes of this subsection, "spirits taxes" has the same meaning as in~~
3 ~~RCW 82.08.155)) all taxes assessed against the taxpayer by the
4 department.~~

5 **Sec. 4.** RCW 66.24.010 and 2012 c 39 s 4 are each amended to read
6 as follows:

7 (1) Every license must be issued in the name of the applicant, and
8 the holder thereof may not allow any other person to use the license.

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

35 (a) A person doing business as a sole proprietor who has not
36 resided in the state for at least one month prior to receiving a

1 license, except in cases of licenses issued to dining places on
2 railroads, boats, or aircraft;

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

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

8 (d) A corporation or a limited liability company, unless it was
9 created under the laws of the state of Washington or holds a
10 certificate of authority to transact business in the state of
11 Washington.

12 (3)(a) The board may, in its discretion, subject to the provisions
13 of RCW 66.08.150, suspend or cancel any license; and all rights of the
14 licensee to keep or sell liquor thereunder must be suspended or
15 terminated, as the case may be.

16 (b) The board must immediately suspend the license or certificate
17 of a person who has been certified pursuant to RCW 74.20A.320 by the
18 department of social and health services as a person who is not in
19 compliance with a support order. If the person has continued to meet
20 all other requirements for reinstatement during the suspension,
21 reissuance of the license or certificate is automatic upon the board's
22 receipt of a release issued by the department of social and health
23 services stating that the licensee is in compliance with the order.

24 (c) Upon written notification by the department of revenue in
25 accordance with RCW 82.08.155 (as recodified by this act) that a person
26 is more than thirty days delinquent in reporting or remitting
27 ~~((spirits))~~ taxes to the department, the board must, as applicable,
28 suspend all ~~((spirits))~~ liquor licenses held by that person ~~((The~~
29 ~~board must also))~~ and refuse to renew any existing ~~((spirits))~~ liquor
30 license of, or issue any new ~~((spirits))~~ liquor license to, the person
31 or any other applicant controlled directly or indirectly by that
32 person. The board may not reinstate a person's ~~((spirits))~~ liquor
33 license or renew or issue a new ~~((spirits))~~ liquor license to that
34 person, or an applicant controlled directly or indirectly by that
35 person, until such time as the department of revenue notifies the board
36 that the person is current in reporting and remitting ~~((spirits))~~ taxes
37 or that the department consents to the reinstatement or renewal of the
38 person's ~~((spirits))~~ liquor license or the issuance of a new

1 (~~(spirits)~~) liquor license to the person. For purposes of this
2 section: (i) (~~("Spirits license" means any license issued by the board~~
3 ~~under the authority of this chapter that authorizes the licensee to~~
4 ~~sell spirits; and (ii) "spirits taxes" has the same meaning as in RCW~~
5 ~~82.08.155)~~) "Liquor license" means any license, permit, certificate, or
6 other authorization issued or approved by the board under the authority
7 of this chapter that authorizes the sale of spirits, wine, or beer; and
8 (ii) "taxes" has the same meaning as in RCW 82.08.155 (as recodified by
9 this act).

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

17 (e) Witnesses are allowed fees and mileage each way to and from any
18 such inquiry, investigation, hearing, or proceeding at the rate
19 authorized by RCW 34.05.446. Fees need not be paid in advance of
20 appearance of witnesses to testify or to produce books, records, or
21 other legal evidence.

22 (f) In case of disobedience of any person to comply with the order
23 of the board or a subpoena issued by the board, or any of its members,
24 or administrative law judges, or on the refusal of a witness to testify
25 to any matter regarding which he or she may be lawfully interrogated,
26 the judge of the superior court of the county in which the person
27 resides, on application of any member of the board or administrative
28 law judge, must compel obedience by contempt proceedings, as in the
29 case of disobedience of the requirements of a subpoena issued from said
30 court or a refusal to testify therein.

31 (4) Upon receipt of notice of the suspension or cancellation of a
32 license, the licensee must forthwith deliver up the license to the
33 board. Where the license has been suspended only, the board must
34 return the license to the licensee at the expiration or termination of
35 the period of suspension. The board must notify all vendors in the
36 city or place where the licensee has its premises of the suspension or
37 cancellation of the license; and no employee may allow or cause any

1 liquor to be delivered to or for any person at the premises of that
2 licensee.

3 (5)(a) At the time of the original issuance of a spirits, beer, and
4 wine restaurant license, the board must prorate the license fee charged
5 to the new licensee according to the number of calendar quarters, or
6 portion thereof, remaining until the first renewal of that license is
7 required.

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

17 (6) Every license issued under this section is subject to all
18 conditions and restrictions imposed by this title or by rules adopted
19 by the board. All conditions and restrictions imposed by the board in
20 the issuance of an individual license may be listed on the face of the
21 individual license along with the trade name, address, and expiration
22 date. Conditions and restrictions imposed by the board may also be
23 included in official correspondence separate from the license. All
24 (~~spirits~~) liquor licenses are subject to the condition that the
25 (~~spirits~~) liquor license holder must report and remit to the
26 department of revenue all (~~spirits~~) taxes by the date due.

27 (7) Every licensee must post and keep posted its license, or
28 licenses, and any additional correspondence containing conditions and
29 restrictions imposed by the board in a conspicuous place on the
30 premises.

31 (8)(a) Unless (b) of this subsection applies, before the board
32 issues a new or renewal license to an applicant it must give notice of
33 such application to the chief executive officer of the incorporated
34 city or town, if the application is for a license within an
35 incorporated city or town, or to the county legislative authority, if
36 the application is for a license outside the boundaries of incorporated
37 cities or towns.

1 (b) If the application for a special occasion license is for an
2 event held during a county, district, or area fair as defined by RCW
3 15.76.120, and the county, district, or area fair is located on
4 property owned by the county but located within an incorporated city or
5 town, the county legislative authority must be the entity notified by
6 the board under (a) of this subsection. The board must send a
7 duplicate notice to the incorporated city or town within which the fair
8 is located.

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

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

29 (e) Upon the granting of a license under this title the board must
30 send written notification to the chief executive officer of the
31 incorporated city or town in which the license is granted, or to the
32 county legislative authority if the license is granted outside the
33 boundaries of incorporated cities or towns. When the license is for a
34 special occasion license for an event held during a county, district,
35 or area fair as defined by RCW 15.76.120, and the county, district, or
36 area fair is located on county-owned property but located within an
37 incorporated city or town, the written notification must be sent to

1 both the incorporated city or town and the county legislative
2 authority.

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

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

35 (c) It is the intent under this subsection (9) that a retail
36 license may not be issued by the board where doing so would, in the
37 judgment of the board, adversely affect a private school meeting the
38 requirements for private schools under Title 28A RCW, which school is

1 within five hundred feet of the proposed licensee. The board must
2 fully consider and give substantial weight to objections filed by
3 private schools. If a license is issued despite the proximity of a
4 private school, the board must state in a letter addressed to the
5 private school the board's reasons for issuing the license.

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

12 (11)(a) Nothing in this section prohibits the board, in its
13 discretion, from issuing a temporary retail or distributor license to
14 an applicant to operate the retail or distributor premises during the
15 period the application for the license is pending. The board may
16 establish a fee for a temporary license by rule.

17 (b) A temporary license issued by the board under this section must
18 be for a period not to exceed sixty days. A temporary license may be
19 extended at the discretion of the board for additional periods of sixty
20 days upon payment of an additional fee and upon compliance with all
21 conditions required in this section.

22 (c) Refusal by the board to issue or extend a temporary license
23 shall not entitle the applicant to request a hearing. A temporary
24 license may be canceled or suspended summarily at any time if the board
25 determines that good cause for cancellation or suspension exists. RCW
26 66.08.130 applies to temporary licenses.

27 (d) Application for a temporary license must be on such form as the
28 board shall prescribe. If an application for a temporary license is
29 withdrawn before issuance or is refused by the board, the fee which
30 accompanied such application must be refunded in full.

31 (12) In determining whether to grant or deny a license or renewal
32 of any license, the board must give substantial weight to objections
33 from an incorporated city or town or county legislative authority based
34 upon chronic illegal activity associated with the applicant's
35 operations of the premises proposed to be licensed or the applicant's
36 operation of any other licensed premises, or the conduct of the
37 applicant's patrons inside or outside the licensed premises. "Chronic
38 illegal activity" means (a) a pervasive pattern of activity that

1 threatens the public health, safety, and welfare of the city, town, or
2 county including, but not limited to, open container violations,
3 assaults, disturbances, disorderly conduct, or other criminal law
4 violations, or as documented in crime statistics, police reports,
5 emergency medical response data, calls for service, field data, or
6 similar records of a law enforcement agency for the city, town, county,
7 or any other municipal corporation or any state agency; or (b) an
8 unreasonably high number of citations for violations of RCW 46.61.502
9 associated with the applicant's or licensee's operation of any licensed
10 premises as indicated by the reported statements given to law
11 enforcement upon arrest.

12 **Sec. 5.** RCW 66.08.150 and 2012 c 39 s 5 are each amended to read
13 as follows:

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

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

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

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

30 (4) The board may summarily suspend a license or permit for a
31 period of up to one hundred eighty days without a prior hearing if it
32 finds that public health, safety, or welfare imperatively require
33 emergency action, and it incorporates a finding to that effect in its
34 order. Proceedings for revocation or other action must be promptly
35 instituted and determined. An administrative law judge may extend the
36 summary suspension period for up to one calendar year in the event the
37 proceedings for revocation or other action cannot be completed during

1 the initial one hundred eighty day period due to actions by the
2 licensee or permittee. The board's enforcement division must complete
3 a preliminary staff investigation of the violation before requesting an
4 emergency suspension by the board.

5 (5) The issues that may be considered at a hearing to contest a
6 suspension of a license or the denial of an application for a new
7 license or renewal of an existing license, under RCW 66.24.010(3)(c),
8 do not include the right to challenge the amount of any ((spirits))
9 taxes assessed against the licensee or applicant by the department of
10 revenue. For purposes of this subsection, "((spirits)) taxes" has the
11 same meaning as in RCW 82.08.155 (as recodified by this act).

12 **Sec. 6.** RCW 34.05.422 and 2012 c 39 s 6 are each amended to read
13 as follows:

14 (1) Unless otherwise provided by law: (a) Applications for rate
15 changes and uncontested applications for licenses may, in the agency's
16 discretion, be conducted as adjudicative proceedings; (b) applications
17 for licenses that are contested by a person having standing to contest
18 under the law and review of denials of applications for licenses or
19 rate changes must be conducted as adjudicative proceedings; and (c) an
20 agency may not revoke, suspend, or modify a license unless the agency
21 gives notice of an opportunity for an appropriate adjudicative
22 proceeding in accordance with this chapter or other statute.

23 (2) An agency with authority to grant or deny a professional or
24 occupational license must notify an applicant for a new or renewal
25 license not later than twenty days prior to the date of the examination
26 required for that license of any grounds for denial of the license
27 which are based on specific information disclosed in the application
28 submitted to the agency. The agency must notify the applicant either
29 that the license is denied or that the decision to grant or deny the
30 license will be made at a future date. If the agency fails to give the
31 notification prior to the examination and the applicant is denied
32 licensure, the examination fee must be refunded to the applicant. If
33 the applicant takes the examination, the agency must notify the
34 applicant of the result.

35 (3) When a licensee has made timely and sufficient application for
36 the renewal of a license or a new license with reference to any
37 activity of a continuing nature, an existing full, temporary, or

1 provisional license does not expire until the application has been
2 finally determined by the agency, and, in case the application is
3 denied or the terms of the new license limited, until the last day for
4 seeking review of the agency order or a later date fixed by order of
5 the reviewing court.

6 (4) If the agency finds that public health, safety, or welfare
7 imperatively requires emergency action, and incorporates a finding to
8 that effect in its order, summary suspension of a license may be
9 ordered pending proceedings for revocation or other action. These
10 proceedings must be promptly instituted and determined.

11 (5) This section does not apply to requests made by the department
12 of revenue, under the authority of RCW 82.08.155 (as recodified by this
13 act), to the liquor control board to suspend a person's ((~~spirits~~))
14 liquor license and to refuse to renew any ((~~spirits~~)) liquor license
15 held by the person and to issue any new ((~~spirits~~)) liquor license to
16 the person.

17 NEW SECTION. Sec. 7. RCW 82.08.155 is recodified as a section in
18 chapter 82.32 RCW.

19 NEW SECTION. Sec. 8. Sections 1 through 6 of this act must be
20 liberally construed to effectuate the intent of the legislature to
21 provide for the effective collection of taxes by the department of
22 revenue.

23 NEW SECTION. Sec. 9. If any provision of this act or its
24 application to any person or circumstance is held invalid, the
25 remainder of the act or the application of the provision to other
26 persons or circumstances is not affected.

27 NEW SECTION. Sec. 10. This act is necessary for the immediate
28 preservation of the public peace, health, or safety, or support of the
29 state government and its existing public institutions, and takes effect
30 July 1, 2013.

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