
SUBSTITUTE HOUSE BILL 2412

State of Washington

63rd Legislature

2014 Regular Session

By House Government Accountability & Oversight (originally sponsored by Representatives Condotta and Haler)

READ FIRST TIME 02/05/14.

1 AN ACT Relating to license issuance fees imposed on spirits retail
2 licensees; 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 retail license holder in the
4 trade area 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 RCW 66.24.632 and in (b) and
24 (c) of this subsection, each spirits retail licensee must pay to the
25 board, for deposit into the liquor revolving fund, a license issuance
26 fee equivalent to seventeen percent of all spirits sales revenues under
27 the license, exclusive of taxes collected by the licensee and of sales
28 of items on which a license fee payable under this section has
29 otherwise been incurred. The board must establish rules setting forth
30 the timing of such payments and reporting of sales dollar volume by the
31 licensee, with payments required quarterly in arrears. The first
32 payment is due October 1, 2012.

33 (b) Those licensees who are either holders of former state liquor
34 store operating rights under RCW 66.24.620, or the owners of former
35 contract liquor stores, and are licensed under subsection (3)(c) of
36 this section, are subject to the following requirements regarding the
37 payment of license issuance fees:

1 (i) Licensees with monthly gross receipts of three hundred thousand
2 dollars or less shall pay a license issuance fee of seven percent of
3 its retail spirits sales revenues; and

4 (ii) Licensees with monthly gross receipts of more than three
5 hundred thousand dollars shall pay a license issuance fee of seventeen
6 percent of its retail spirits sales revenues.

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

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

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

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

32 (8)(a) The board must promulgate regulations concerning the
33 adoption and administration of a compliance training program for
34 spirits retail licensees, to be known as a "responsible vendor
35 program," to reduce underage drinking, encourage licensees to adopt
36 specific best practices to prevent sales to minors, and provide
37 licensees with an incentive to give their employees ongoing training in
38 responsible alcohol sales and service.

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

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

7 (d) To participate in the responsible vendor program, licensees
8 must submit an application form to the board. If the application
9 establishes that the licensee meets the qualifications to join the
10 program, the board must send the licensee a membership certificate.

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

13 (i) Provide ongoing training to employees;

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

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

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

17 (v) Keep records verifying compliance with the program's
18 requirements.

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