
SECOND SUBSTITUTE HOUSE BILL 1807

State of Washington 64th Legislature 2015 Regular Session

By House Appropriations (originally sponsored by Representatives
Condotta and Hurst)

READ FIRST TIME 02/27/15.

1 AN ACT Relating to assisting small businesses licensed to sell
2 spirits in Washington state; amending RCW 66.24.630; adding a new
3 section to chapter 66.28 RCW; and creating a new section.

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

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

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

17 (2) For the purposes of this title, a spirits retail license is a
18 retail license, and a sale by a spirits retailer is a retail sale
19 only if not for resale. Nothing in this title authorizes sales by on-
20 sale licensees to other retail licensees. The board must establish by
21 rule 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
5 each scheduled item containing the identity of the purchasing on-
6 premises (~~on-premises~~) licensee and the quantities of that
7 scheduled item purchased since any 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
11 the area.

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

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

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

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

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

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

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

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

17 (ii) To other registered facilities; or

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

22 (e) For purposes of negotiating volume discounts, a group of
23 individual retailers authorized to sell spirits for consumption off
24 the licensed premises may accept delivery of spirits at their
25 individual licensed premises or at any one of the individual
26 licensee's premises, or at a warehouse facility registered with the
27 board.

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

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

39 (5) In addition to the payment required under subsection (4) of
40 this section, each licensee must pay an annual license renewal fee of

1 one hundred sixty-six dollars. The board must periodically review and
2 adjust the renewal fee as may be required to maintain it as
3 comparable to annual license renewal fees for licenses to sell beer
4 and wine not for consumption on the licensed premises. If required by
5 law at the time, any increase of the annual renewal fee becomes
6 effective only upon ratification by the legislature.

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

19 (7) The maximum penalties prescribed by the board 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 retail licensees.

23 (8)(a) The board must promulgate regulations concerning the
24 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 ongoing 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
32 subject to the doubling of penalties provided in this section for a
33 single 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. If the application
38 establishes that the licensee meets the qualifications to join the
39 program, the board must send the licensee a membership certificate.

1 (e) A licensee participating in the responsible vendor program
2 must at a minimum:
3 (i) Provide ongoing training to employees;
4 (ii) Accept only certain forms of identification for alcohol
5 sales;
6 (iii) Adopt policies on alcohol sales and checking
7 identification;
8 (iv) Post specific signs in the business; and
9 (v) Keep records verifying compliance with the program's
10 requirements.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 66.28
12 RCW to read as follows:

13 (1) If a licensee subject to the license issuance fee
14 requirements of RCW 66.24.630(4) fails to submit its quarterly
15 reports or payment to the board, the board may assess a penalty at a
16 rate no higher than one-half percent per month on the balance of the
17 unpaid license issuance fee.

18 (2) Any penalty imposed on a licensee for its failure to pay the
19 license issuance fee that accrued prior to the effective date of this
20 section shall be waived, and all penalty payments made by licensees
21 prior to the effective date of this section, if any, must be credited
22 towards any outstanding balance of unpaid license issuance fee or
23 towards the future payments of its license issuance fee.

24 (3) A holder of the right to operate a former contract liquor
25 store or former state liquor store who has any outstanding balance of
26 unpaid license issuance fee accrued prior to the effective date of
27 this section shall not be denied the ability to reopen its closed
28 store, to relocate its store to a new location, or to lease its right
29 to a new licensee during the twenty-four months following the
30 effective date of this section, for reason of nonpayment of the
31 license issuance fee. The right holder's failure to pay the license
32 issuance fee until after said twenty-four months will be a sufficient
33 ground for suspending or revoking its license or any third party's
34 license then associated with the holder's operating right.

35 NEW SECTION. **Sec. 3.** If specific funding for the purposes of
36 this act, referencing this act by bill or chapter number, is not

1 provided by June 30, 2015, in the omnibus appropriations act, this
2 act is null and void.

--- END ---