
HOUSE BILL 2504

State of Washington

64th Legislature

2016 Regular Session

By Representatives Hurst, Vick, and Condotta

Read first time 01/14/16. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to the reduction of the retail spirits license
2 issuance 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 2015 c 186 s 1 are each amended to
5 read as follows:

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

16 (2) For the purposes of this title, a spirits retail license is a
17 retail license, and a sale by a spirits retailer is a retail sale
18 only if not for resale. Nothing in this title authorizes sales by on-
19 sale licensees to other retail licensees. The board must establish by
20 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 licensee and the quantities of that scheduled item purchased
7 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 spirits retail license holder in the trade area
2 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
29 ~~((b))~~ (c) of this subsection, each spirits retail licensee must pay
30 to the board, for deposit into the liquor revolving fund, a license
31 issuance fee ~~((equivalent to seventeen percent))~~ calculated as a
32 percentage of all spirits sales revenues under the license, exclusive
33 of taxes collected by the licensee and of sales of items on which a
34 license fee payable under this section has otherwise been incurred:

35 (i) Until July 1, 2016, the license issuance fee is seventeen
36 percent of all spirit sales revenues;

37 (ii) From July 1, 2016, until July 1, 2018, the license issuance
38 fee is fourteen percent of all spirit sales revenues;

39 (iii) From July 1, 2018, until July 1, 2020, the license issuance
40 fee is nine percent of all spirit sales revenues; and

1 (iv) Beginning July 1, 2020, the license issuance fee is five
2 percent of all spirit sales revenues.

3 (b) The board must establish rules setting forth the timing of
4 ((such)) the payments required under (a) of this subsection and
5 reporting of sales dollar volume by the licensee, with payments
6 required quarterly in arrears. The first payment is due October 1,
7 2012.

8 ((b)) (c) This subsection (4) does not apply to craft
9 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
14 comparable to annual license renewal fees for licenses to sell beer
15 and wine not for consumption on the licensed premises. If required by
16 law at the time, any increase of the annual renewal fee becomes
17 effective only upon ratification by the legislature.

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

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

34 (8)(a) The board must promulgate regulations concerning the
35 adoption and administration of a compliance training program for
36 spirits retail licensees, to be known as a "responsible vendor
37 program," to reduce underage drinking, encourage licensees to adopt
38 specific best practices to prevent sales to minors, and provide
39 licensees with an incentive to give their employees ongoing training
40 in 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
3 subject to the doubling of penalties provided in this section for a
4 single 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
12 must at a minimum:

13 (i) Provide ongoing training to employees;

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

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

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

19 (v) Keep records verifying compliance with the program's
20 requirements.

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