

SSB 5417 - H COMM AMD

By Committee on Commerce & Gaming

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The COVID-19 pandemic that arrived in
4 Washington in 2020 led to historic economic disruptions and
5 devastating health impacts in the state. In an effort to assist
6 businesses and employees whose assets and livelihoods have been
7 impacted by the strategies used to protect the public's health, the
8 legislature finds that steps must be taken in the public interest to
9 support the most severely impacted industries. The hospitality
10 industry has suffered some of the most devastating impacts of any
11 sector of the state's economy. The legislature finds that assisting
12 this sector of the state's economy to survive and recover from the
13 effects of the pandemic and the steps taken to combat its spread are
14 an urgent priority that is in the best interests of the state and its
15 residents.

16 NEW SECTION. **Sec. 2.** (1) The board must implement the
17 provisions of this section as expeditiously as possible. Liquor
18 licensees may conduct activities authorized under this section before
19 completion by the board of actions the board plans to take in order
20 to implement this act, such as adoption of rules or completion of
21 information system changes necessary to allow licensees to apply for
22 required endorsements. However, licensees must comply with board
23 rules when they take effect.

24 (2) The following licensees may sell alcohol products at retail
25 for curbside and takeout service or delivery or both under liquor and
26 cannabis board licenses and endorsements: Beer and wine restaurants;
27 spirits, beer, and wine restaurants; taverns; domestic wineries;
28 domestic breweries and microbreweries; distilleries; snack bars;
29 nonprofit arts licensees; and caterers.

30 (3) Spirits, beer, and wine restaurant licensees may sell
31 premixed servings of spirits containing other alcohol authorized to

1 be sold under the terms of their license or nonalcoholic mixers, or
2 both for takeout or curbside service and for delivery. Spirits, beer,
3 and wine restaurant licensees may also sell kits containing bottled
4 or packaged spirits, other alcohol authorized to be sold under the
5 terms of their license, or nonalcoholic mixers, or both for takeout
6 or curbside service and for delivery. The board may establish by rule
7 the manner in which alcohol products for off-premises consumption
8 must be provided. This subsection does not authorize sale of full
9 bottles of spirits by licensees for off-premises consumption, with
10 the exception of mini-bottles as part of kits containing bottled or
11 packaged spirits. Mini-bottle sales authorized under this subsection
12 as part of kits containing bottled or packaged spirits are exempt
13 from the spirits license issuance fee under RCW 66.24.630(4)(a) and
14 the tax on each retail sale of spirits under RCW 82.08.150.

15 (4) Spirits, beer, and wine restaurant licensees may sell wine by
16 the glass or premixed servings of wine containing other alcohol
17 authorized to be sold under the terms of the license or nonalcoholic
18 mixers, or both for takeout or curbside service and delivery. Beer
19 and wine restaurant licensees may sell wine or premixed wine drinks
20 by the glass for takeout or curbside service and for delivery. The
21 board may establish by rule the manner in which wine by the glass for
22 off-premises consumption must be provided.

23 (5) Distillery and craft distillery licensees may sell premixed
24 servings of spirits containing other alcohol authorized to be sold
25 under the terms of their license or nonalcoholic mixers, or both for
26 takeout or curbside service and for delivery. Distillery and craft
27 distillery licensees may also sell kits containing bottled or
28 packaged spirits, other alcohol authorized to be sold under the terms
29 of their license or nonalcoholic mixers, or both for takeout or
30 curbside service and for delivery. The board may establish by rule
31 the manner in which spirits, other alcohol, and nonalcoholic mixers
32 sold for off-premises consumption must be provided under this
33 subsection, so long as such requirements do not increase the
34 underlying food service obligations for distillers and craft
35 distillers provided in chapter 66.24 RCW. This subsection does not
36 alter the authorizations or privileges contained in chapter 66.24 RCW
37 for distillers or craft distillers to sell full bottles of spirits
38 for off-premises consumption.

39 (6) Licensees that were authorized by statute or rule before
40 January 1, 2020, to sell growlers for on-premises consumption may

1 sell growlers for off-premises consumption through curbside, takeout,
2 or delivery service. Sale of growlers under this subsection must meet
3 federal alcohol and tobacco tax and trade bureau requirements.

4 (7) Licensees must obtain from the board an endorsement to their
5 license in order to conduct activities authorized under subsections
6 (2) through (6) of this section. The board may adopt rules governing
7 the manner in which the activities authorized under this section must
8 be conducted. Licensees must not be charged a fee in order to obtain
9 an endorsement required under this section.

10 (8) Beer and wine specialty shops licensed under RCW 66.24.371
11 and domestic breweries and microbreweries may sell prefilled growlers
12 for off-premises consumption through takeout or curbside service and
13 delivery, provided that prefilled growlers are sold the same day they
14 are prepared for sale and not stored overnight for sale on future
15 days.

16 (9) The board must adopt or revise current rules to allow for
17 outdoor service of alcohol by on-premises licensees holding licenses
18 issued by the board for the following license types: Beer and wine
19 restaurants; spirits, beer, and wine restaurants; taverns; domestic
20 wineries; domestic breweries and microbreweries; distilleries; snack
21 bars; and private clubs licensed under RCW 66.24.450 and 66.24.452.
22 The board may adopt requirements providing for clear accountability
23 at locations where multiple licensees use a shared space for serving
24 customers.

25 (10) Upon delivery of any alcohol product authorized to be
26 delivered under this section, the signature of the person age 21 or
27 over receiving the delivery must be obtained.

28 (11) The definitions in this subsection apply throughout this
29 section unless the context clearly requires otherwise.

30 (a) "Board" means the liquor and cannabis board.

31 (b) "Growlers" means sanitary containers brought to the premises
32 by the purchaser or furnished by the licensee and filled by the
33 retailer at the time of sale.

34 (c) "Mini-bottles" means original factory-sealed containers
35 holding not more than 50 milliliters of a spirituous beverage.

36 (12) This section expires July 1, 2023.

37 NEW SECTION. **Sec. 3.** A new section is added to chapter 66.08
38 RCW to read as follows:

1 The board must consider revising current rules in order to
2 provide greater flexibility regarding food service menu requirements
3 that businesses holding a license issued by the board under Title 66
4 RCW must provide in conjunction with alcohol sales. This section does
5 not apply to licensees that were not required to provide food service
6 under rules in effect on January 1, 2020. The purpose of this section
7 is to ease food menu requirements to make it more feasible
8 financially for licensees to comply with the board's food service
9 requirements but not replace food safety requirements in rule adopted
10 by the department of health in chapter 246-215 WAC.

11 NEW SECTION. **Sec. 4.** (1) The liquor and cannabis board must
12 contract with an independent entity to conduct a study of the impacts
13 of privileges granted by this act to businesses licensed by the board
14 under Title 66 RCW. The study must examine relevant issues including,
15 but not limited to, the following:

16 (a) Quantitative measures of impact such as liquor sales data,
17 licensee locations, enforcement activity, hospital and other health
18 provider visits for alcohol-related causes, underage drinking,
19 alcohol dependence treatment, alcohol-related traffic violations, and
20 motor vehicle crash deaths or injuries;

21 (b) Qualitative investigation of relevant impacts using methods
22 such as key informant interviews and supplemental data collection
23 with licensees, law enforcement, behavioral health service providers,
24 youth prevention and intervention specialists, and revenue
25 stakeholders; and

26 (c) Additional issues deemed relevant to the goals and results of
27 this act.

28 (2) The study authorized by this section must be started by
29 January 1, 2022. A report with findings and any recommendations must
30 be provided to the legislature and the governor by December 1, 2022.

31 (3) This section expires July 1, 2023.

32 **Sec. 5.** RCW 66.24.630 and 2020 c 238 s 9 are each amended to
33 read as follows:

34 (1) There is a spirits retail license to: Sell spirits in
35 original containers to consumers for consumption off the licensed
36 premises and to permit holders; sell spirits in original containers
37 to retailers licensed to sell spirits for consumption on the
38 premises, for resale at their licensed premises according to the

1 terms of their licenses, although no single sale may exceed twenty-
2 four liters, unless the sale is by a licensee that was a contract
3 liquor store manager of a contract liquor store at the location of
4 its spirits retail licensed premises from which it makes such sales;
5 and export spirits.

6 (2) For the purposes of this title, a spirits retail license is a
7 retail license, and a sale by a spirits retailer is a retail sale
8 only if not for resale. Nothing in this title authorizes sales by on-
9 sale licensees to other retail licensees. The board must establish by
10 rule an obligation of on-sale spirits retailers to:

11 (a) Maintain a schedule by stock-keeping unit of all their
12 purchases of spirits from spirits retail licensees, including
13 combination spirits, beer, and wine licensees holding a license
14 issued pursuant to RCW 66.24.035, indicating the identity of the
15 seller and the quantities purchased; and

16 (b) Provide, not more frequently than quarterly, a report for
17 each scheduled item containing the identity of the purchasing on-
18 premises licensee and the quantities of that scheduled item purchased
19 since any preceding report to:

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

22 (ii) A distiller acting as distributor of the scheduled item in
23 the area.

24 (3)(a) Except as otherwise provided in (c) of this subsection,
25 the board may issue spirits retail licenses only for premises
26 comprising at least ten thousand square feet of fully enclosed retail
27 space within a single structure, including storerooms and other
28 interior auxiliary areas but excluding covered or fenced exterior
29 areas, whether or not attached to the structure, and only to
30 applicants that the board determines will maintain systems for
31 inventory management, employee training, employee supervision, and
32 physical security of the product substantially as effective as those
33 of stores currently operated by the board with respect to preventing
34 sales to or pilferage by underage or inebriated persons.

35 (b) License issuances and renewals are subject to RCW 66.24.010
36 and the regulations adopted thereunder, including without limitation
37 rights of cities, towns, county legislative authorities, the public,
38 churches, schools, and public institutions to object to or prevent
39 issuance of local liquor licenses. However, existing grocery premises
40 licensed to sell beer and/or wine are deemed to be premises "now

1 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
2 applications for spirits retail licenses.

3 (c) The board may not deny a spirits retail license to an
4 otherwise qualified contract liquor store at its contract location or
5 to the holder of former state liquor store operating rights sold at
6 auction under RCW 66.24.620 on the grounds of location, nature, or
7 size of the premises to be licensed. The board may not deny a spirits
8 retail license to applicants that are not contract liquor stores or
9 operating rights holders on the grounds of the size of the premises
10 to be licensed, if such applicant is otherwise qualified and the
11 board determines that:

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

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

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

18 (d) A retailer authorized to sell spirits for consumption on or
19 off the licensed premises may accept delivery of spirits at its
20 licensed premises, at another licensed premises as designated by the
21 retailer, or at one or more warehouse facilities registered with the
22 board, which facilities may also warehouse and distribute nonliquor
23 items, and from which the retailer may deliver to its own licensed
24 premises and, pursuant to sales permitted under subsection (1) of
25 this section:

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

28 (ii) To other registered facilities; or

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

33 (e) For purposes of negotiating volume discounts, a group of
34 individual retailers authorized to sell spirits for consumption off
35 the licensed premises may accept delivery of spirits at their
36 individual licensed premises or at any one of the individual
37 licensee's premises, or at a warehouse facility registered with the
38 board.

39 (4) (a) Except as otherwise provided in RCW 66.24.632, section 2
40 of this act, or in (b) of this subsection, each spirits retail

1 licensee must pay to the board, for deposit into the liquor revolving
2 fund, a license issuance fee equivalent to seventeen percent of all
3 spirits sales revenues under the license, exclusive of taxes
4 collected by the licensee and of sales of items on which a license
5 fee payable under this section has otherwise been incurred. The board
6 must establish rules setting forth the timing of such payments and
7 reporting of sales dollar volume by the licensee, with payments
8 required quarterly in arrears. The first payment is due October 1,
9 2012.

10 (b) This subsection (4) does not apply to craft distilleries for
11 sales of spirits of the craft distillery's own production.

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

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

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

36 (8)(a) The board must adopt regulations concerning the adoption
37 and administration of a compliance training program for spirits
38 retail licensees, to be known as a "responsible vendor program," to
39 reduce underage drinking, encourage licensees to adopt specific best
40 practices to prevent sales to minors, and provide licensees with an

1 incentive to give their employees ongoing training in responsible
2 alcohol sales and service.

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

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

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

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

15 (i) Provide ongoing training to employees;

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

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

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

21 (v) Keep records verifying compliance with the program's
22 requirements.

23 (f)(i) A spirits retail licensee that also holds a grocery store
24 license under RCW 66.24.360 or a beer and/or wine specialty shop
25 license under RCW 66.24.371 may, upon board approval and pursuant to
26 board rules, transition to a combination spirits, beer, and wine
27 license pursuant to RCW 66.24.035.

28 (ii) An applicant that would qualify for a spirits retail license
29 under this section and that qualifies for a combination spirits,
30 beer, and wine license pursuant to RCW 66.24.035 may apply for a
31 license pursuant to RCW 66.24.035 instead of applying for a spirits
32 retail license under this section.

33 **Sec. 6.** RCW 82.08.150 and 2012 c 2 s 106 are each amended to
34 read as follows:

35 (1) There is levied and collected a tax upon each retail sale of
36 spirits in the original package at the rate of fifteen percent of the
37 selling price.

38 (2) There is levied and collected a tax upon each sale of spirits
39 in the original package at the rate of ten percent of the selling

1 price on sales by a spirits distributor licensee or other licensee
2 acting as a spirits distributor pursuant to Title 66 RCW to
3 restaurant spirits retailers.

4 (3) There is levied and collected an additional tax upon each
5 sale of spirits in the original package by a spirits distributor
6 licensee or other licensee acting as a spirits distributor pursuant
7 to Title 66 RCW to a restaurant spirits retailer and upon each retail
8 sale of spirits in the original package by a licensee of the board at
9 the rate of one dollar and seventy-two cents per liter.

10 (4) An additional tax is imposed equal to fourteen percent
11 multiplied by the taxes payable under subsections (1), (2), and (3)
12 of this section.

13 (5) An additional tax is imposed upon each sale of spirits in the
14 original package by a spirits distributor licensee or other licensee
15 acting as a spirits distributor pursuant to Title 66 RCW to a
16 restaurant spirits retailer and upon each retail sale of spirits in
17 the original package by a licensee of the board at the rate of seven
18 cents per liter. All revenues collected during any month from this
19 additional tax must be deposited in the state general fund by the
20 twenty-fifth day of the following month.

21 (6)(a) An additional tax is imposed upon retail sale of spirits
22 in the original package at the rate of three and four-tenths percent
23 of the selling price.

24 (b) An additional tax is imposed upon retail sale of spirits in
25 the original package to a restaurant spirits retailer at the rate of
26 two and three-tenths percent of the selling price.

27 (c) An additional tax is imposed upon each sale of spirits in the
28 original package by a spirits distributor licensee or other licensee
29 acting as a spirits distributor pursuant to Title 66 RCW to a
30 restaurant spirits retailer and upon each retail sale of spirits in
31 the original package by a licensee of the board at the rate of forty-
32 one cents per liter.

33 (d) All revenues collected during any month from additional taxes
34 under this subsection must be deposited in the state general fund by
35 the twenty-fifth day of the following month.

36 (7)(a) An additional tax is imposed upon each retail sale of
37 spirits in the original package at the rate of one dollar and thirty-
38 three cents per liter.

1 (b) All revenues collected during any month from additional taxes
2 under this subsection must be deposited by the twenty-fifth day of
3 the following month into the general fund.

4 (8) The tax imposed in RCW 82.08.020 does not apply to sales of
5 spirits in the original package.

6 (9) The taxes imposed in this section must be paid by the buyer
7 to the seller, and each seller must collect from the buyer the full
8 amount of the tax payable in respect to each taxable sale under this
9 section. The taxes required by this section to be collected by the
10 seller must be stated separately from the selling price, and for
11 purposes of determining the tax due from the buyer to the seller, it
12 is conclusively presumed that the selling price quoted in any price
13 list does not include the taxes imposed by this section. Sellers must
14 report and return all taxes imposed in this section in accordance
15 with rules adopted by the department.

16 (10) (~~(As used in this section)~~) (a) Except as otherwise provided
17 in this subsection, the terms, "spirits" and "package" have the same
18 meaning as provided in chapter 66.04 RCW.

19 (b) Until July 1, 2023, for the purposes of the taxes imposed
20 under this section, the term "spirits" does not include mini-bottles
21 of spirits sold by a person who possesses a valid endorsement under
22 section 2(7) of this act and is licensed as a spirits, beer, and wine
23 restaurant under RCW 66.24.400.

24 (c) For the purposes of this subsection, "mini-bottles of
25 spirits" means an original factory-sealed container holding not more
26 than 50 milliliters of spirits.

27 NEW SECTION. Sec. 7. (1) This act contains a temporary tax
28 exemption for restaurants which sell kits containing mini-bottles of
29 spirits. This temporary tax exemption is intended to avoid
30 administrative costs for the state which are expected to exceed the
31 value of the tax collected during the time until the exemption
32 expires on July 1, 2023.

33 (2) This act is exempt from the provisions of RCW 82.32.805 and
34 82.32.808.

35 NEW SECTION. Sec. 8. Except as provided in section 2(10) of
36 this act, any temporary authorization or relaxation of requirements
37 provided by the Washington state liquor and cannabis board, in effect
38 on the effective date of this section, related to authorizing the

1 photographing or scanning of customer identification in lieu of
2 obtaining a physical signature to document liquor product delivery or
3 verify the age of customers, expires at the end of the governor's
4 proclamation of emergency related to COVID-19.

5 NEW SECTION. **Sec. 9.** Any temporary authorization or relaxation
6 of statutory requirements provided by the Washington state liquor and
7 cannabis board related to food requirements associated with wine and
8 beer sampling at farmers markets expires at the end of the governor's
9 proclamation of emergency related to COVID-19.

10 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
11 preservation of the public peace, health, or safety, or support of
12 the state government and its existing public institutions, and takes
13 effect immediately."

14 Correct the title.

EFFECT: (1) Removes the last sentence of the intent section,
which states, "The legislature intends that these revisions at the
same time continue to promote regulation of an orderly market for
liquor sales while maintaining protection of public health and
efficient collection of taxes and fees."

(2) Changes terminology by replacing references to premixed
cocktails with references to premixed servings of spirits containing
other alcohol authorized to be sold under the terms of the license
and/or nonalcoholic mixers. Makes similar terminology changes with
respect to cocktail kits.

(3) Temporarily authorizes distillers and craft distillers to
sell premixed servings of spirits containing other alcohol and/or
nonalcoholic mixers, and to sell kits containing bottled or packaged
spirits, other alcohol, and/or nonalcoholic mixers, for takeout or
curbside service and for delivery. Requires licensees to obtain a
license endorsement (at no cost) to conduct these sales. Authorizes
the Liquor and Cannabis Board (LCB) to adopt rules establishing the
manner in which these sales may occur, so long as the requirements do
not increase underlying food service obligations provided in law for
distillers and craft distillers.

(4) Provides that upon delivery of any alcohol product authorized
to be delivered under the temporary liquor privileges, the signature
of the person age 21 or over receiving the delivery must be obtained.

(5) Removes the requirement that the LCB must adopt rules
authorizing licensees with a delivery endorsement to photograph or
scan customer identification in lieu of obtaining a physical
signature to document liquor product delivery and verify the age of
customers.

(6) Restores current law by removing the proposed elimination of
a food-related requirement associated with wine and beer sampling at
farmers markets.

(7) Removes the \$150,000 appropriation to the LCB that
accompanied the requirement that the LCB contract with an independent

entity to conduct a study of the impacts of the temporary liquor license privileges. Retains the requirement for the study.

(8) Specifies that any current temporary authorization provided by the LCB related to photographing or scanning customer identification in lieu of obtaining a physical signature to document liquor product delivery or verify the age of customers, as well as any temporary authorization relaxing enforcement of farmers market food requirements, expires at the end of the governor's proclamation of emergency related to COVID-19.

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