S-0370.1

SENATE BILL 5156

State of Washington 62nd Legislature 2011 Regular Session

By Senators Kohl-Welles, King, Keiser, Delvin, and Conway

Read first time 01/17/11. Referred to Committee on Labor, Commerce & Consumer Protection.

- 1 AN ACT Relating to airport lounges under the alcohol beverage
- 2 control act; amending RCW 66.24.440, 66.20.310, 66.20.300, 66.08.180,
- 3 66.08.220, and 68.50.107; reenacting and amending RCW 66.04.010; and
- 4 adding a new section to chapter 66.24 RCW.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 <u>NEW SECTION.</u> **Sec. 1.** A new section is added to chapter 66.24 RCW 7 to read as follows:
- 8 There shall be a license to allow a VIP airport lounge operator to
- 9 sell or otherwise provide spirits, wine, and beer solely for
- 10 consumption on the premises of a VIP airport lounge. The license
- 11 described in this section allows the VIP airport lounge operator to
- 12 purchase spirits from the board, and to purchase beer and wine at
- 13 retail outlets, or from the manufacturer or a distributor. No licensee
- 14 may serve liquor from a bar where patrons may sit to be served, but may
- only serve liquor from a service bar, as approved by the board.
- 16 Sec. 2. RCW 66.04.010 and 2009 c 373 s 1 and 2009 c 271 s 2 are
- 17 each reenacted and amended to read as follows:
- In this title, unless the context otherwise requires:

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- (1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.
 - (2) "Authorized representative" means a person who:

- (a) Is required to have a federal basic permit issued pursuant to the federal alcohol administration act, 27 U.S.C. Sec. 204;
- (b) Has its business located in the United States outside of the state of Washington;
- (c) Acquires ownership of beer or wine for transportation into and resale in the state of Washington; and which beer or wine is produced by a brewery or winery in the United States outside of the state of Washington; and
- (d) Is appointed by the brewery or winery referenced in (c) of this subsection as its authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such brewery or winery pursuant to this title.
- (3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.
- (4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.
- (5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.
- 35 (6) "Board" means the liquor control board, constituted under this 36 title.
- 37 (7) "Brewer" or "brewery" means any person engaged in the business 38 of manufacturing beer and malt liquor. Brewer includes a brand owner

of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

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- (8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic or social purposes, and not for pecuniary gain.
- 10 (9) "Confection" means a preparation of sugar, honey, or other 11 natural or artificial sweeteners in combination with chocolate, fruits, 12 nuts, dairy products, or flavorings, in the form of bars, drops, or 13 pieces.
- 14 (10) "Consume" includes the putting of liquor to any use, whether 15 by drinking or otherwise.
- 16 (11) "Contract liquor store" means a business that sells liquor on 17 behalf of the board through a contract with a contract liquor store 18 manager.
- 19 (12) "Craft distillery" means a distillery that pays the reduced 20 licensing fee under RCW 66.24.140.
- 21 (13) "Dentist" means a practitioner of dentistry duly and regularly 22 licensed and engaged in the practice of his profession within the state 23 pursuant to chapter 18.32 RCW.
- 24 (14) "Distiller" means a person engaged in the business of 25 distilling spirits.
- 26 (15) "Domestic brewery" means a place where beer and malt liquor 27 are manufactured or produced by a brewer within the state.
 - (16) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.
 - (17) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.
- 34 (18) "Druggist" means any person who holds a valid certificate and 35 is a registered pharmacist and is duly and regularly engaged in 36 carrying on the business of pharmaceutical chemistry pursuant to 37 chapter 18.64 RCW.
 - (19) "Employee" means any person employed by the board.

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(20) "Flavored malt beverage" means:

- (a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty-nine percent of the beverage's overall alcohol content; or
- (b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one-half percent of the beverage's overall alcohol content.
 - (21) "Fund" means 'liquor revolving fund.'
- (22) "Hotel" means buildings, structures, and grounds, having facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests. The buildings, structures, and grounds must be located on adjacent property either owned or leased by the same person or persons.
- (23) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.
 - (24) "Imprisonment" means confinement in the county jail.
- (25) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.
- (26) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure

water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

- (27) "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.
 - (28) "Nightclub" means an establishment that provides entertainment and has as its primary source of revenue (a) the sale of alcohol for consumption on the premises, (b) cover charges, or (c) both, and has an occupancy load of one hundred or more.
- 11 (29) "Package" means any container or receptacle used for holding 12 liquor.
- 13 (30) "Passenger vessel" means any boat, ship, vessel, barge, or 14 other floating craft of any kind carrying passengers for compensation.
- 15 (31) "Permit" means a permit for the purchase of liquor under this 16 title.
- 17 (32) "Person" means an individual, copartnership, association, or 18 corporation.
 - (33) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.
 - (34) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.
 - (35) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or

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similar nature to which the general public has unrestricted right of access, and which are generally used by the public.

- (36) "Regulations" means regulations made by the board under the powers conferred by this title.
- (37) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.
- (38) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.
- 21 (39) "Soda fountain" means a place especially equipped with 22 apparatus for the purpose of dispensing soft drinks, whether mixed or 23 otherwise.
 - (40) "Spirits" means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.
 - (41) "Store" means a state liquor store established under this title.
- 29 (42) "Tavern" means any establishment with special space and 30 accommodation for sale by the glass and for consumption on the 31 premises, of beer, as herein defined.
 - (43)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of

alcohol by volume and not less than one-half of one percent of alcohol 1 2 by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by 3 4 the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume 5 when bottled or packaged by the manufacturer shall be referred to as 6 "fortified wine." However, "fortified wine" shall not include: (i) 7 8 Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol 9 10 by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, 11 12 or alcohol.

(b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

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- (44) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.
- (45) "Wine importer" means a person or business within Washington who purchases wine from a wine certificate of approval holder or who acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.
- (46) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.
- (47) "VIP airport lounge" means an establishment within an international airport located beyond security checkpoints that provides a special space to sit, relax, read, work, and enjoy beverages where access is controlled by the VIP airport lounge operator and is generally limited to the following classifications of persons:
- 31 <u>(a) Airline passengers of any age whose admission is based on a</u> 32 <u>first-class, executive, or business class ticket;</u>
 - (b) Airline passengers of any age who are qualified members or allowed guests of certain frequent flyer or other loyalty incentive programs maintained by airlines that have agreements describing the conditions for access to the VIP airport lounge;
 - (c) Airline passengers of any age who are qualified members or

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allowed guests of certain enhanced amenities programs maintained by companies that have agreements describing the conditions for access to the VIP airport lounge;

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- (d) Airport and airline employees, government officials, foreign dignitaries, and other attendees of functions held by the airport authority or airlines related to the promotion of business objectives such as increasing international air traffic and enhancing foreign trade where access to the VIP airport lounge will be controlled by the VIP airport lounge operator; and
- (e) Airline passengers of any age or airline employees whose admission is based on a pass issued or permission given by the airline for access to the VIP airport lounge.
- 13 (48) "VIP airport lounge operator" means an airline, port district,
 14 or other entity operating a VIP airport lounge that: Is accountable
 15 for compliance with the alcohol beverage control act under Title 66
 16 RCW; holds the license under chapter 66.24 RCW issued to the VIP
 17 airport lounge; and provides a point of contact for addressing any
 18 licensing and enforcement by the board.
- 19 (49) "Service bar" means a fixed or portable table, counter, cart, 20 or similar work station primarily used to prepare, mix, serve, and sell 21 alcohol that is picked up by employees or customers. Customers may not 22 be seated or allowed to consume food or alcohol at a service bar.
- 23 **Sec. 3.** RCW 66.24.440 and 2009 c 271 s 8 are each amended to read 24 as follows:
- Each spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, ((and)) sports entertainment facility licensee, and VIP airport lounge licensee shall be entitled to purchase any spirituous liquor items salable under such license from the board at a discount of not less than fifteen percent from the retail price fixed by the board, together with all taxes.
- 31 **Sec. 4.** RCW 66.20.310 and 2010 c 141 s 2 are each amended to read 32 as follows:
- 33 (1)(a) There shall be an alcohol server permit, known as a class 12 34 permit, for a manager or bartender selling or mixing alcohol, spirits, 35 wines, or beer for consumption at an on-premises licensed facility.

(b) There shall be an alcohol server permit, known as a class 13 permit, for a person who only serves alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

- (c) As provided by rule by the board, a class 13 permit holder may be allowed to act as a bartender without holding a class 12 permit.
- (2)(a) Effective January 1, 1997, except as provided in (d) of this subsection, every alcohol server employed, under contract or otherwise, at a retail licensed premise shall be issued a class 12 or class 13 permit.
- (b) Every class 12 and class 13 permit issued shall be issued in the name of the applicant and no other person may use the permit of another permit holder. The holder shall present the permit upon request to inspection by a representative of the board or a peace officer. The class 12 or class 13 permit shall be valid for employment at any retail licensed premises described in (a) of this subsection.
- (c) Except as provided in (d) of this subsection, no licensee holding a license as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450, 66.24.570, ((and)) 66.24.600, and section 1 of this act may employ or accept the services of any person without the person first having a valid class 12 or class 13 permit.
- (d) Within sixty days of initial employment, every person whose duties include the compounding, sale, service, or handling of liquor shall have a class 12 or class 13 permit.
- (e) No person may perform duties that include the sale or service of alcoholic beverages on a retail licensed premises without possessing a valid alcohol server permit.
- (3) A permit issued by a training entity under this section is valid for employment at any retail licensed premises described in subsection (2)(a) of this section for a period of five years unless suspended by the board.
- 31 (4) The board may suspend or revoke an existing permit if any of 32 the following occur:
 - (a) The applicant or permittee has been convicted of violating any of the state or local intoxicating liquor laws of this state or has been convicted at any time of a felony; or
 - (b) The permittee has performed or permitted any act that constitutes a violation of this title or of any rule of the board.

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(5) The suspension or revocation of a permit under this section does not relieve a licensee from responsibility for any act of the employee or agent while employed upon the retail licensed premises. The board may, as appropriate, revoke or suspend either the permit of the employee who committed the violation or the license of the licensee upon whose premises the violation occurred, or both the permit and the license.

- (6)(a) After January 1, 1997, it is a violation of this title for any retail licensee or agent of a retail licensee as described in subsection (2)(a) of this section to employ in the sale or service of alcoholic beverages, any person who does not have a valid alcohol server permit or whose permit has been revoked, suspended, or denied.
- (b) It is a violation of this title for a person whose alcohol server permit has been denied, suspended, or revoked to accept employment in the sale or service of alcoholic beverages.
- (7) Grocery stores licensed under RCW 66.24.360, the primary commercial activity of which is the sale of grocery products and for which the sale and service of beer and wine for on-premises consumption with food is incidental to the primary business, and employees of such establishments, are exempt from RCW 66.20.300 through 66.20.350, except for employees whose duties include serving during tasting activities under RCW 66.24.363.
- **Sec. 5.** RCW 66.20.300 and 2010 c 141 s 3 are each amended to read 24 as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 66.20.310 through 66.20.350.

- (1) "Alcohol" has the same meaning as "liquor" in RCW 66.04.010.
- (2) "Alcohol server" means any person who as part of his or her employment participates in the sale or service of alcoholic beverages for on-premise consumption at a retail licensed premise as a regular requirement of his or her employment, and includes those persons eighteen years of age or older permitted by the liquor laws of this state to serve alcoholic beverages with meals.
 - (3) "Board" means the Washington state liquor control board.
- 35 (4) "Training entity" means any liquor licensee associations, 36 independent contractors, private persons, and private or public 37 schools, that have been certified by the board.

(5) "Retail licensed premises" means any:

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- (a) Premises licensed to sell alcohol by the glass or by the drink, or in original containers primarily for consumption on the premises as authorized by RCW 66.24.320, 66.24.330, 66.24.350, 66.24.400,
- 5 66.24.425, 66.24.450, and 66.24.570, and section 1 of this act;
- 6 (b) Distillery licensed pursuant to RCW 66.24.140 that is authorized to serve samples of its own production;
- 8 (c) Facility established by a domestic winery for serving and 9 selling wine pursuant to RCW 66.24.170(4); and
- 10 (d) Grocery store licensed under RCW 66.24.360, but only with 11 respect to employees whose duties include serving during tasting 12 activities under RCW 66.24.363.
- 13 **Sec. 6.** RCW 66.08.180 and 2009 c 271 s 3 are each amended to read 14 as follows:
 - Except as provided in RCW 66.24.290(1), moneys in the liquor revolving fund shall be distributed by the board at least once every three months in accordance with RCW 66.08.190, 66.08.200 and 66.08.210((: PROVIDED, That)). However, the board shall reserve from distribution such amount not exceeding five hundred thousand dollars as may be necessary for the proper administration of this title.
- (1) All license fees, penalties, and forfeitures derived under chapter 13, Laws of 1935 from spirits, beer, and wine restaurant; spirits, beer, and wine private club; hotel; spirits, beer, and wine nightclub; spirits, beer, and wine VIP airport lounge; and sports entertainment facility licenses shall every three months be disbursed by the board as follows:
- 27 (a) Three hundred thousand dollars per biennium, to the death 28 investigations account for the state toxicology program pursuant to RCW 29 68.50.107; and
 - (b) Of the remaining funds:
- 31 (i) 6.06 percent to the University of Washington and 4.04 percent 32 to Washington State University for alcoholism and drug abuse research 33 and for the dissemination of such research; and
- (ii) 89.9 percent to the general fund to be used by the department of social and health services solely to carry out the purposes of RCW 70.96A.050;

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(2) The first fifty-five dollars per license fee provided in RCW 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand dollars annually shall be disbursed every three months by the board to the general fund to be used for juvenile alcohol and drug prevention programs for kindergarten through third grade to be administered by the superintendent of public instruction;

- (3) Twenty percent of the remaining total amount derived from license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.350, and 66.24.360, shall be transferred to the general fund to be used by the department of social and health services solely to carry out the purposes of RCW 70.96A.050; and
- (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210 shall every three months be disbursed by the board to Washington State University solely for wine and wine grape research, extension programs related to wine and wine grape research, and resident instruction in both wine grape production and the processing aspects of the wine industry in accordance with RCW 28B.30.068. The director of financial management shall prescribe suitable accounting procedures to ensure that the funds transferred to the general fund to be used by the department of social and health services and appropriated are separately accounted for.

Sec. 7. RCW 66.08.220 and 2009 c 271 s 4 are each amended to read as follows:

The board shall set aside in a separate account in the liquor revolving fund an amount equal to ten percent of its gross sales of liquor to spirits, beer, and wine restaurant; spirits, beer, and wine private club; spirits, beer, and wine nightclub; hotel; spirits, beer, and wine VIP airport lounge; and sports entertainment facility licensees collected from these licensees pursuant to the provisions of RCW 82.08.150, less the fifteen percent discount provided for in RCW 66.24.440; and the moneys in said separate account shall be distributed in accordance with the provisions of RCW 66.08.190, 66.08.200 and 66.08.210. No election unit in which the sale of liquor under spirits, beer, and wine restaurant; spirits, beer, and wine private club; spirits, beer, and wine nightclub; and sports entertainment facility licenses is unlawful shall be entitled to share in the distribution of moneys from such separate account.

1 **Sec. 8.** RCW 68.50.107 and 2009 c 271 s 11 are each amended to read 2 as follows:

There shall be established in conjunction with the chief of the 3 4 Washington state patrol and under the authority of the state forensic investigations council a state toxicological laboratory under the 5 6 direction of the state toxicologist whose duty it will be to perform all necessary toxicologic procedures requested by all coroners, medical 7 and 8 prosecuting attorneys. The state examiners, forensic 9 investigations council, after consulting with the chief of the Washington state patrol and director of the bureau of forensic 10 11 laboratory services, shall appoint toxicologist a as 12 toxicologist, who shall report to the director of the bureau of forensic laboratory services and the office of the chief of the 13 Washington state patrol. Toxicological services shall be funded by 14 15 disbursement from the spirits, beer, and wine restaurant; spirits, beer, and wine private club; spirits, beer, and wine nightclub; 16 spirits, beer, and wine VIP airport lounge; and sports entertainment 17 facility license fees as provided in RCW 66.08.180 and by appropriation 18 19 from the death investigations account as provided in RCW 43.79.445.

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