SENATE BILL 5953

State of Washington 62nd Legislature 2011 1st Special Session

By Senator Sheldon

Read first time 04/28/11. Referred to Committee on Labor, Commerce & Consumer Protection.

1 AN ACT Relating to privatizing the sale of liquor; amending RCW 2 66.08.030, 66.08.070, 66.08.130, 66.08.140, 66.08.150, 66.24.010, 66.24.012, 66.24.015, 66.24.025, 66.24.120, 66.44.200, 66.44.318, 3 66.08.026, 4 66.44.340, 66.04.010, 66.08.012, 66.08.020, 66.08.030, 5 66.08.050, 66.08.060, 66.08.167, 66.16.110, 66.12.110, 66.12.120, 6 66.12.140, 66.20.010, 66.20.160, 66.20.170, 66.20.180, 66.20.190, 66.20.200, 66.20.210, 66.24.145, 7 66.24.360, 66.24.371, 66.24.380, 66.24.590, 66.28.060, 66.32.010, 8 66.24.395, 66.24.400, 66.24.540, 9 66.44.150, and 66.44.160; reenacting and amending RCW 66.04.010; adding new sections to chapter 66.08 RCW; creating a new section; recodifying 10 11 66.16.110; repealing RCW 66.08.070, 66.08.160, RCW 66.08.165, 12 66.08.166, 66.08.220, 66.08.235, 66.16.010, 66.16.040, 66.16.041, 66.16.050, 66.16.060, 66.16.070, 66.16.090, 66.16.100, 66.16.120, and 13 14 66.28.180; providing effective dates; and providing for submission of 15 this act to a vote of the people.

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

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NEW SECTION. Sec. 101. The legislature intends for privatization 1 of retail and distribution of liquor to result in a system that is more 2 efficient than public sector retail and distribution. The legislature 3 finds that the present system of state control includes a markup amount 4 5 at distribution that generates revenue for the state and local governments, and that this markup will be eliminated when liquor sales б 7 and distribution are privatized. The legislature further intends that 8 the privatization of liquor sales and distribution not result in revenue losses to state or local governments as compared to projected 9 10 revenues assumed under state control, not including any separate licenses or franchises. 11

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## PART II - CURRENT CHANGES

13 Sec. 201. RCW 66.04.010 and 2009 c 373 s 1 and 2009 c 271 s 2 are 14 each reenacted and amended to read as follows:

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In this title, unless the context otherwise requires:

(1) "Alcohol" is that substance known as ethyl alcohol, hydrated 16 oxide of ethyl, or spirit of wine, which is commonly produced by the 17 fermentation or distillation of grain, starch, molasses, or sugar, or 18 19 other substances including all dilutions and mixtures of this 20 substance. The term "alcohol" does not include alcohol in the 21 possession of a manufacturer or distiller of alcohol fuel, as described 22 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 23 24 of husbandry.

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(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 thestate of Washington;

30 (c) Acquires ownership of beer or wine for transportation into and 31 resale in the state of Washington; and which beer or wine is produced 32 by a brewery or winery in the United States outside of the state of 33 Washington; and

34 (d) Is appointed by the brewery or winery referenced in (c) of this35 subsection as its authorized representative for marketing and selling

1 its products within the United States in accordance with a written 2 agreement between the authorized representative and such brewery or 3 winery pursuant to this title.

4 (3) "Beer" means any malt beverage, flavored malt beverage, or malt
5 liquor as these terms are defined in this chapter.

6 (4) "Beer distributor" means a person who buys beer from a domestic 7 brewery, microbrewery, beer certificate of approval holder, or beer 8 importers, or who acquires foreign produced beer from a source outside 9 of the United States, for the purpose of selling the same pursuant to 10 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.

15 (6) "Board" means the liquor control board, constituted under this 16 title.

17 (7) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner 18 of malt beverages who holds a brewer's notice with the federal bureau 19 of alcohol, tobacco, and firearms at a location outside the state and 20 21 whose malt beverage is contract-produced by a licensed in-state 22 brewery, and who may exercise within the state, under a domestic 23 brewery license, only the privileges of storing, selling to licensed 24 beer distributors, and exporting beer from the state.

(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.

(9) "Confection" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

32 (10) "Consume" includes the putting of liquor to any use, whether33 by drinking or otherwise.

(11) "Contract liquor store" means a business that sells liquor on
 behalf of the board through a contract with a contract liquor store
 manager.

37 (12) "Craft distillery" means a distillery that pays the reduced38 licensing fee under RCW 66.24.140.

(13) "Dentist" means a practitioner of dentistry duly and regularly
 licensed and engaged in the practice of his profession within the state
 pursuant to chapter 18.32 RCW.

4 (14) "Distiller" means a person engaged in the business of 5 distilling spirits.

6 (15) "Domestic brewery" means a place where beer and malt liquor 7 are manufactured or produced by a brewer within the state.

8 (16) "Domestic winery" means a place where wines are manufactured 9 or produced within the state of Washington.

10 (17) "Drug store" means a place whose principal business is, the 11 sale of drugs, medicines and pharmaceutical preparations and maintains 12 a regular prescription department and employs a registered pharmacist 13 during all hours the drug store is open.

14 (18) "Druggist" means any person who holds a valid certificate and 15 is a registered pharmacist and is duly and regularly engaged in 16 carrying on the business of pharmaceutical chemistry pursuant to 17 chapter 18.64 RCW.

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(19) "Employee" means any person employed by the board.

19 (20) "Flavored malt beverage" means:

20 (a) A malt beverage containing six percent or less alcohol by 21 volume to which flavoring or other added nonbeverage ingredients are 22 added that contain distilled spirits of not more than forty-nine 23 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.

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(21) "Fund" means 'liquor revolving fund.'

29 (22) "Hotel" means buildings, structures, and grounds, having 30 facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place 31 32 where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the 33 sleeping accommodation of such transient guests. The buildings, 34 35 structures, and grounds must be located on adjacent property either 36 owned or leased by the same person or persons.

37 (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.

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(24) "Imprisonment" means confinement in the county jail.

4 (25) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, 5 vinous, or malt liquor, or combinations thereof, and mixed liquor, a 6 part of which is fermented, spirituous, vinous or malt liquor, or 7 8 otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, 9 10 and all drinks or drinkable liquids and all preparations or mixtures 11 capable of human consumption, and any liquid, semisolid, solid, or 12 other substance, which contains more than one percent of alcohol by 13 weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or 14 15 less of alcohol by weight.

16 (26) "Liquor franchise" means a specific location designated by the 17 board where spirits, wine, and beer may be sold in original packages 18 for off-premises consumption, or where liquor may be sold to holders of 19 a permit to purchase.

20 (27) "Liquor franchise agreement" means approval by the board to 21 operate a liquor franchise in accordance with the provisions of this 22 title.

(28) "Liquor franchise applicant" means any person who submits an
 application for a liquor franchise agreement to sell spirits, wine, and
 beer in accordance with the provisions of this title.

26 (29) "Liquor franchise area" means a geographic area designated as
 27 such by the board for the purpose of issuing franchise agreements.

28 (30) "Liquor franchise holder" means a person who has been granted
29 a liquor franchise agreement in accordance with the provisions of this
30 title.

(31) "Malt beverage" or "malt liquor" means any beverage such as 31 32 beer, ale, lager beer, stout, and porter obtained by the alcoholic 33 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 34 35 water containing not more than eight percent of alcohol by weight, and 36 not less than one-half of one percent of alcohol by volume. For the 37 purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer." 38

1 (((<del>27)</del>)) <u>(32)</u> "Manufacturer" means a person engaged in the 2 preparation of liquor for sale, in any form whatsoever.

3 (((<del>28)</del>)) <u>(33)</u> "Nightclub" means an establishment that provides 4 entertainment and has as its primary source of revenue (a) the sale of 5 alcohol for consumption on the premises, (b) cover charges, or (c) 6 both, and has an occupancy load of one hundred or more.

7 (((<del>29)</del>)) <u>(34)</u> "Package" means any container or receptacle used for 8 holding liquor.

9 ((<del>(30)</del>)) <u>(35)</u> "Passenger vessel" means any boat, ship, vessel, 10 barge, or other floating craft of any kind carrying passengers for 11 compensation.

12 ((<del>(31)</del>)) <u>(36)</u> "Permit" means a permit for the purchase of liquor 13 under this title.

14 ((<del>(32)</del>)) <u>(37)</u> "Person" means an individual, copartnership, 15 association, or corporation.

16 ((<del>(33)</del>)) <u>(38)</u> "Physician" means a medical practitioner duly and 17 regularly licensed and engaged in the practice of his profession within 18 the state pursuant to chapter 18.71 RCW.

19 ((<del>(34)</del>)) <u>(39)</u> "Prescription" means a memorandum signed by a 20 physician and given by him to a patient for the obtaining of liquor 21 pursuant to this title for medicinal purposes.

22 (((35))) (40) "Public place" includes streets and alleys of 23 incorporated cities and towns; state or county or township highways or 24 roads; buildings and grounds used for school purposes; public dance 25 halls and grounds adjacent thereto; those parts of establishments where 26 beer may be sold under this title, soft drink establishments, public 27 buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations 28 29 which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, 30 stages, and other public conveyances of all kinds and character, and 31 32 the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned 33 bathing beaches, parks, and/or playgrounds; and all other places of 34 35 like or similar nature to which the general public has unrestricted 36 right of access, and which are generally used by the public.

37 (((<del>36)</del>)) <u>(41)</u> "Regulations" means regulations made by the board 38 under the powers conferred by this title.

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1 (((37))) (42) "Restaurant" means any establishment provided with 2 special space and accommodations where, in consideration of payment, 3 food, without lodgings, is habitually furnished to the public, not 4 including drug stores and soda fountains.

(((<del>(38)</del>))) (43) "Sale" and "sell" include exchange, barter, and 5 traffic; and also include the selling or supplying or distributing, by 6 7 any means whatsoever, of liquor, or of any liquid known or described as 8 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 9 10 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, 11 of a reasonable amount of liquor by a person not licensed by the board 12 13 to a person not licensed by the board, for personal use only. "Sale" 14 and "sell" also does not include a raffle authorized under RCW 9.46.0315((+ PROVIDED, That)). However, the nonprofit organization 15 conducting the raffle has obtained the appropriate permit from the 16 17 board.

18 ((<del>(39)</del>)) <u>(44)</u> "Soda fountain" means a place especially equipped 19 with apparatus for the purpose of dispensing soft drinks, whether mixed 20 or otherwise.

((<del>(40)</del>)) <u>(45)</u> "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.

24 ((<del>(41)</del>)) <u>(46)</u> "Store" means a state liquor store established under 25 this title.

26 (((42))) (47) "Tavern" means any establishment with special space 27 and accommodation for sale by the glass and for consumption on the 28 premises, of beer, as herein defined.

29 (((43))) (48)(a) "Wine" means any alcoholic beverage obtained by 30 fermentation of fruits (grapes, berries, apples, et cetera) or other 31 agricultural product containing sugar, to which any saccharine 32 substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, 33 including sweet wines fortified with wine spirits, such as port, 34 35 sherry, muscatel and angelica, not exceeding twenty-four percent of 36 alcohol by volume and not less than one-half of one percent of alcohol 37 by volume. For purposes of this title, any beverage containing no more 38 than fourteen percent of alcohol by volume when bottled or packaged by

the manufacturer shall be referred to as "table wine," and any beverage 1 2 containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as 3 4 "fortified wine." However, "fortified wine" ((shall)) does not 5 include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen 6 7 percent alcohol by volume solely as a result of the natural 8 fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol. 9

10 (b) This subsection shall not be interpreted to require that any 11 wine be labeled with the designation "table wine" or "fortified wine."

12 (((44))) (49) "Wine distributor" means a person who buys wine from 13 a domestic winery, wine certificate of approval holder, or wine 14 importer, or who acquires foreign produced wine from a source outside 15 of the United States, for the purpose of selling the same not in 16 violation of this title, or who represents such vintner or winery as 17 agent.

18 ((<del>(45)</del>)) <u>(50)</u> "Wine importer" means a person or business within 19 Washington who purchases wine from a wine certificate of approval 20 holder or who acquires foreign produced wine from a source outside of 21 the United States for the purpose of selling the same pursuant to this 22 title.

23 (((46))) (51) "Winery" means a business conducted by any person for 24 the manufacture of wine for sale, other than a domestic winery.

25 **Sec. 202.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to 26 read as follows:

(1) For the purpose of carrying into effect the provisions of this 27 title according to their true intent or of supplying any deficiency 28 29 therein, the board may make such regulations not inconsistent with the spirit of this title as are deemed necessary or advisable. 30 All 31 regulations so made shall be a public record and shall be filed in the office of the code reviser, and thereupon shall have the same force and 32 effect as if incorporated in this title. Such regulations, together 33 with a copy of this title, shall be published in pamphlets and shall be 34 35 distributed as directed by the board.

36 (2) Without thereby limiting the generality of the provisions

1 contained in subsection (1) of this section, it is declared that the 2 power of the board to make regulations in the manner set out in that 3 subsection ((shall)) extends to:

(a) <u>Regulating the equipment and management of liquor franchises</u>
<u>and</u> stores and warehouses in which state liquor is sold or kept, and
prescribing the books and records to be kept therein and the reports to
be made thereon to the board;

8 (b) <u>Prescribing the duties of the employees of the board</u>, and 9 regulating their conduct in the discharge of their duties;

10 (c) <u>G</u>overning the purchase of liquor by the state and the 11 furnishing of liquor to stores established under this title;

12 (d) Determining the classes, varieties, and brands of liquor to be 13 kept for sale at any store;

14 (e) <u>Prescribing((, subject to RCW 66.16.080, the hours during which</u> 15 the state liquor stores shall be kept open for the sale of liquor)) <u>the</u> 16 <u>hours of operation for a liquor franchise encompassing a retail area</u> 17 <u>less than ten thousand square feet</u>;

(f) <u>Providing</u> for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this title;

(g) <u>Prescribing an official seal and official labels and stamps and</u> determining the manner in which they shall be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different classes of liquor;

(h) <u>P</u>roviding for the payment by the board in whole or in part of
 the carrying charges on liquor shipped by freight or express;

28 (i) Prescribing forms to be used for purposes of this title or the 29 regulations, and the terms and conditions to be contained in permits 30 and licenses issued under this title, and the qualifications for receiving a permit or license issued under this title, including a 31 criminal history record information check. The board may submit the 32 criminal history record information check to the Washington state 33 patrol and to the identification division of the federal bureau of 34 35 investigation in order that these agencies may search their records for 36 prior arrests and convictions of the individual or individuals who 37 filled out the forms. The board shall require fingerprinting of any

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applicant whose criminal history record information check is submitted
 to the federal bureau of investigation;

(j) <u>Prescribing the fees payable in respect of permits and licenses</u>
<u>and liquor franchise agreements</u> issued under this title for which no
fees are prescribed in this title, and prescribing the fees for
anything done or permitted to be done under the regulations;

7 (k) <u>Prescribing the kinds and quantities of liquor which may be</u> 8 kept on hand by the holder of a special permit for the purposes named 9 in the permit, regulating the manner in which the same shall be kept 10 and disposed of, and providing for the inspection of the same at any 11 time at the instance of the board;

(1) <u>Regulating the sale of liquor kept by the holders of licenses</u> and liquor franchise agreements which entitle the holder to purchase and keep liquor for sale;

(m) <u>Prescribing the records of purchases or sales of liquor kept by</u> the holders of licenses <u>and liquor franchise agreements</u>, and the reports to be made thereon to the board, and providing for inspection of the records so kept;

(n) <u>Prescribing the kinds and quantities of liquor for which a</u> prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;

(o) <u>P</u>rescribing the manner of giving and serving notices required
by this title or the regulations, where not otherwise provided for in
this title;

(p) <u>Regulating premises in which liquor is kept for export from the</u> state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;

30 (q) <u>Prescribing the conditions and qualifications requisite for the</u> 31 obtaining of club licenses and the books and records to be kept and the 32 returns to be made by clubs, prescribing the manner of licensing clubs 33 in any municipality or other locality, and providing for the inspection 34 of clubs;

35 (r) <u>P</u>rescribing the conditions, accommodations and qualifications 36 requisite for the obtaining of licenses to sell beer and wines, and 37 regulating the sale of beer and wines thereunder;

1 (s) <u>Specifying and regulating the time and periods when</u>, and the 2 manner, methods and means by which manufacturers shall deliver liquor 3 within the state; and the time and periods when, and the manner, 4 methods and means by which liquor may lawfully be conveyed or carried 5 within the state;

(t) <u>Providing for the making of returns by brewers of their sales</u>
of beer shipped within the state, or from the state, showing the gross
amount of such sales and providing for the inspection of brewers' books
and records, and for the checking of the accuracy of any such returns;

10 (u) <u>P</u>roviding for the making of returns by the wholesalers of beer 11 whose breweries are located beyond the boundaries of the state;

12 (v) <u>Providing</u> for the making of returns by any other liquor 13 manufacturers, showing the gross amount of liquor produced or 14 purchased, the amount sold within and exported from the state, and to 15 whom so sold or exported, and providing for the inspection of the 16 premises of any such liquor manufacturers, their books and records, and 17 for the checking of any such return;

(w) <u>P</u>roviding for the giving of fidelity bonds by any or all of the employees of the board((÷ <u>PROVIDED</u>, <u>That</u>)). <u>However</u>, the premiums therefor shall be paid by the board;

(x) <u>P</u>roviding for the shipment by mail or common carrier of liquor
 to any person holding a permit and residing in any unit which has, by
 election pursuant to this title, prohibited the sale of liquor therein;

(y) <u>P</u>rescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees and the board; and conducting from time to time, in the interest of the public health and general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

30 (z) Seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not 31 32 conform in all respects to the standards prescribed by this title or the regulations of the board( $(\div PROVIDED_{\tau})$ ). Nothing herein contained 33 34 shall be construed as authorizing the liquor board to prescribe, alter, 35 limit or in any way change the present law as to the quantity or 36 percentage of alcohol used in the manufacturing of wine or other 37 alcoholic beverages.

1 **Sec. 203.** RCW 66.08.070 and 1985 c 226 s 2 are each amended to 2 read as follows:

3 (1) Every order for the purchase of liquor shall be authorized by 4 the board, and no order for liquor shall be valid or binding unless it 5 is so authorized and signed by the board or its authorized designee.

6 (2) A duplicate of every such order shall be kept on file in the 7 office of the board.

8 (3) All cancellations of such orders made by the board shall be 9 signed in the same manner and duplicates thereof kept on file in the 10 office of the board. Nothing in this title shall be construed as 11 preventing the board from accepting liquor on consignment.

12 (4) In the purchase of wine or malt beverages the board shall not 13 require, as a term or condition of purchase, any warranty or 14 affirmation with respect to the relationship of the price charged the 15 board to any price charged any other buyer.

16 (5) This section does not apply to liquor franchises pursuant to 17 this title.

18 Sec. 204. RCW 66.08.130 and 1981 1st ex.s. c 5 s 4 are each 19 amended to read as follows:

For the purpose of obtaining information concerning any matter relating to the administration or enforcement of this title, the board, or any person appointed by it in writing for the purpose, may inspect the books and records of

- 24 (1) any manufacturer;
- 25 (2) any license holder;
- 26 (3) <u>any liquor franchise holder;</u>

27 (4) any drug store holding a permit to sell on prescriptions;

(((4))) (5) the freight and express books and records and all 28 29 waybills, bills of lading, receipts and documents in the possession of any common carrier doing business within the state, containing any 30 31 information or record relating to any goods shipped or carried, or consigned or received for shipment or carriage within the state. Every 32 manufacturer, license holder, liquor franchise holder, drug store 33 34 holding a permit to sell on prescriptions, and common carrier, and 35 every owner or officer or employee of the foregoing, who neglects or 36 refuses to produce and submit for inspection any book, record or

1 document referred to in this section when requested to do so by the 2 board or by a person so appointed by it shall be guilty of a violation 3 of this title.

4 **Sec. 205.** RCW 66.08.140 and 1945 c 48 s 1 are each amended to read 5 as follows:

б For the purpose of obtaining information concerning any matter 7 relating to the administration or enforcement of this title, the board, or any person appointed by it in writing for the purpose, may inspect 8 9 the books, documents and records of any person lending money to or in any manner financing any license, or liquor franchise agreement, holder 10 11 or applicant for license, or liquor franchise holder insofar as such 12 books, documents and/or records pertain to the financial transaction 13 involved. Every person who neglects or refuses to produce and submit for inspection any book, record or document as required by this section 14 15 when requested to do so by the board or by a person duly appointed by 16 it shall be guilty of a violation of this title.

17 **Sec. 206.** RCW 66.08.150 and 2007 c 370 s 3 are each amended to 18 read as follows:

The action, order, or decision of the board as to any denial of an application for the reissuance of a permit  $((or))_{,}$  license, or liquor franchise agreement or as to any revocation, suspension, or modification of any permit  $((or))_{,}$  license, or liquor franchise agreement shall be an adjudicative proceeding and subject to the applicable provisions of chapter 34.05 RCW.

(1) An opportunity for a hearing may be provided an applicant for the reissuance of a permit ((or)), license, or liquor franchise agreement prior to the disposition of the application, and if no such opportunity for a prior hearing is provided then an opportunity for a hearing to reconsider the application must be provided the applicant.

30 (2) An opportunity for a hearing must be provided a permittee 31 ((<del>or</del>)), licensee, or liquor franchise holder prior to a revocation or 32 modification of any permit ((<del>or</del>)), license, or liquor franchise 33 <u>agreement</u> and, except as provided in subsection (4) of this section, 34 prior to the suspension of any permit ((<del>or</del>)), license, or liquor 35 <u>franchise agreement</u>. (3) No hearing shall be required until demanded by the applicant,
 permittee, ((<del>or</del>)) licensee, or liquor franchise holder.

3 (4) The board may summarily suspend a license ((<del>or</del>)), permit, or 4 liquor franchise agreement for a period of up to one hundred eighty days without a prior hearing if it finds that public health, safety, or 5 welfare imperatively require emergency action, and it incorporates a 6 7 finding to that effect in its order. Proceedings for revocation or 8 other action must be promptly instituted and determined. An administrative law judge may extend the summary suspension period for 9 10 up to one calendar year in the event the proceedings for revocation or other action cannot be completed during the initial one hundred eighty 11 12 day period due to actions by the ((licensee or)) permittee, licensee, 13 or liquor franchise holder. The board's enforcement division shall 14 complete a preliminary staff investigation of the violation before 15 requesting an emergency suspension by the board.

16 **Sec. 207.** RCW 66.24.010 and 2009 c 271 s 6 are each amended to 17 read as follows:

(1) Every license and liquor franchise agreement shall be issued in
the name of the applicant, and the holder thereof shall not allow any
other person to use the license.

21 (2) For the purpose of considering any application for a license or 22 liquor franchise agreement, or the renewal of a license or liquor 23 franchise agreement, the board may cause an inspection of the premises 24 to be made, and may inquire into all matters in connection with the 25 construction and operation of the premises. For the purpose of 26 reviewing any application for a license or liquor franchise agreement and for considering the denial, suspension, revocation, or renewal or 27 denial thereof, of any license or liquor franchise agreement, the 28 29 liquor control board may consider any prior criminal conduct of the applicant including an administrative violation history record with the 30 31 board and a criminal history record information check. The board may 32 submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau 33 34 of investigation in order that these agencies may search their records 35 for prior arrests and convictions of the individual or individuals who 36 filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted 37

to the federal bureau of investigation. The provisions of RCW 9.95.240 1 2 and of chapter 9.96A RCW ((shall)) do not apply to such cases. Subject to the provisions of this section, the board may, in its discretion, 3 grant or deny the renewal or license or liquor franchise agreement 4 5 applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant 6 7 to subsections (8)(d) and (12) of this section. Authority to approve an uncontested or unopposed license or liquor franchise agreement may 8 be granted by the board to any staff member the board designates in 9 10 writing. Conditions for granting such authority shall be adopted by rule. No retail license or liquor franchise agreement of any kind may 11 12 be issued to:

(a) A person doing business as a sole proprietor who has not resided in the state for at least one month prior to receiving a license, except in cases of licenses <u>or liquor franchise agreements</u> issued to dining places on railroads, boats, or aircraft;

17 (b) A copartnership, unless all of the members thereof are 18 qualified to obtain a license <u>or liquor franchise agreement</u>, as 19 provided in this section;

(c) A person whose place of business is conducted by a manager or agent, unless such manager or agent possesses the same qualifications required of the licensee, or liquor franchise holder;

(d) A corporation or a limited liability company, unless it was created under the laws of the state of Washington or holds a certificate of authority to transact business in the state of Washington.

(3)(a) The board may, in its discretion, subject to the provisions of RCW 66.08.150, suspend or cancel any license <u>or liquor franchise</u> <u>agreement</u>; and all rights of the licensee<u>, or liquor franchise holder</u> to keep or sell liquor thereunder shall be suspended or terminated, as the case may be.

32 (b) The board shall immediately suspend the license  $((or))_{,}$ 33 certificate, or liquor franchise agreement of a person who has been 34 certified pursuant to RCW 74.20A.320 by the department of social and 35 health services as a person who is not in compliance with a support 36 order. If the person has continued to meet all other requirements for 37 reinstatement during the suspension, reissuance of the license  $((or))_{,}$ 38 certificate  $((shall be))_{,}$  or liquor franchise agreement is automatic 1 upon the board's receipt of a release issued by the department of 2 social and health services stating that the licensee, or liquor 3 <u>franchise holder</u> is in compliance with the order.

4 (c) The board may request the appointment of administrative law 5 judges under chapter 34.12 RCW who shall have power to administer 6 oaths, issue subpoenas for the attendance of witnesses and the 7 production of papers, books, accounts, documents, and testimony, 8 examine witnesses, and to receive testimony in any inquiry, 9 investigation, hearing, or proceeding in any part of the state, under 10 such rules and regulations as the board may adopt.

(d) Witnesses shall be allowed fees and mileage each way to and from any such inquiry, investigation, hearing, or proceeding at the rate authorized by RCW 34.05.446. Fees need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.

(e) In case of disobedience of any person to comply with the order 16 17 of the board or a subpoena issued by the board, or any of its members, or administrative law judges, or on the refusal of a witness to testify 18 to any matter regarding which he or she may be lawfully interrogated, 19 the judge of the superior court of the county in which the person 20 21 resides, on application of any member of the board or administrative 22 law judge, shall compel obedience by contempt proceedings, as in the 23 case of disobedience of the requirements of a subpoena issued from said 24 court or a refusal to testify therein.

25 (4) Upon receipt of notice of the suspension or cancellation of a 26 license or liquor franchise agreement, the licensee, or liquor 27 franchise holder shall forthwith deliver up the license to the board. Where the license or liquor franchise agreement has been suspended 28 only, the board shall return the license or liquor franchise agreement 29 to the licensee, or liquor franchise holder at the expiration or 30 termination of the period of suspension. The board shall notify all 31 vendors in the city or place where the licensee, or liquor franchise 32 holder has its premises of the suspension or cancellation of the 33 license or liquor franchise agreement; and no employee may allow or 34 35 cause any liquor to be delivered to or for any person at the premises 36 of that licensee, or liquor franchise holder.

37 (5)(a) At the time of the original issuance of a spirits, beer, and 38 wine restaurant license, the board shall prorate the license fee 1 charged to the new licensee according to the number of calendar 2 quarters, or portion thereof, remaining until the first renewal of that 3 license is required.

4 (b) Unless sooner canceled, every license issued by the board shall expire at midnight of the thirtieth day of June of the fiscal year for 5 which it was issued. However, if the board deems it feasible and 6 7 desirable to do so, it may establish, by rule pursuant to chapter 34.05 8 RCW, a system for staggering the annual renewal dates for any and all licenses authorized by this chapter. If such a system of staggered 9 10 annual renewal dates is established by the board, the license fees provided by this chapter shall be appropriately prorated during the 11 12 first year that the system is in effect.

(6) Every license <u>or liquor franchise agreement</u> issued under this section shall be subject to all conditions and restrictions imposed by this title or by rules adopted by the board. All conditions and restrictions imposed by the board in the issuance of an individual license <u>or liquor franchise agreement</u> shall be listed on the face of the individual license <u>or liquor franchise agreement</u> along with the trade name, address, and expiration date.

(7) Every licensee, or liquor franchise holder shall post and keep
 posted its license, ((or)) licenses, or liquor franchise agreement, in
 a conspicuous place on the premises.

23 (8)(a) Unless (b) of this subsection applies, before the board 24 issues a new or renewal license or liquor franchise agreement to an applicant it shall give notice of such application to the chief 25 26 executive officer of the incorporated city or town, if the application 27 is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license or liquor 28 29 franchise agreement outside the boundaries of incorporated cities or 30 towns.

(b) If the application for a special occasion license or liquor 31 32 franchise agreement is for an event held during a county, district, or area fair as defined by RCW 15.76.120, and the county, district, or 33 area fair is located on property owned by the county but located within 34 35 an incorporated city or town, the county legislative authority shall be 36 the entity notified by the board under (a) of this subsection. The 37 board shall send a duplicate notice to the incorporated city or town within which the fair is located. 38

1 (c) The incorporated city or town through the official or employee 2 selected by it, or the county legislative authority or the official or employee selected by it, ((shall have)) has the right to file with the 3 board within twenty days after the date of transmittal of such notice 4 5 for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the 6 7 premises for which the new or renewal license or liquor franchise The board may extend the time period for 8 agreement is asked. 9 submitting written objections.

10 (d) The written objections shall include a statement of all facts upon which such objections are based, and in case written objections 11 12 are filed, the city or town or county legislative authority may request 13 and the liquor control board may in its discretion hold a hearing subject to the applicable provisions of Title 34 RCW. If the board 14 makes an initial decision to deny a license ((or)), renewal, or liquor 15 franchise agreement based on the written objections of an incorporated 16 17 city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. 18 Ιf such a hearing is held at the request of the applicant, liquor control 19 board representatives shall present and defend the board's initial 20 21 decision to deny a license ((or)), renewal, or liquor franchise 22 <u>agreement</u>.

(e) Upon the granting of a license or liquor franchise agreement 23 24 under this title the board shall send written notification to the chief 25 executive officer of the incorporated city or town in which the license 26 or liquor franchise agreement is granted, or to the county legislative 27 authority if the license or liquor franchise agreement is granted 28 outside the boundaries of incorporated cities or towns. When the 29 license or liquor franchise agreement is for a special occasion license or liquor franchise agreement for an event held during a county, 30 district, or area fair as defined by RCW 15.76.120, and the county, 31 32 district, or area fair is located on county-owned property but located within an incorporated city or town, the written notification shall be 33 34 sent to both the incorporated city or town and the county legislative 35 authority.

36 (9)(a) Before the board issues any license <u>or liquor franchise</u> 37 <u>agreement</u> to any applicant, it shall give (i) due consideration to the 38 location of the business to be conducted under such license <u>or liquor</u>

franchise agreement with respect to the proximity of churches, schools, 1 2 and public institutions and (ii) written notice, with receipt verification, of the application to public institutions identified by 3 4 the board as appropriate to receive such notice, churches, and schools within five hundred feet of the premises ((to be licensed)). The board 5 shall not issue a liquor license for either on-premises or off-premises 6 7 consumption covering any premises not now licensed, if such premises 8 are within five hundred feet of the premises of any tax-supported public elementary or secondary school measured along the most direct 9 10 route over or across established public walks, streets, or other public passageway from the main entrance of the school to the nearest public 11 12 entrance of the premises proposed for license or liquor franchise 13 agreement, and if, after receipt by the school of the notice as provided in this subsection, the board receives written objection, 14 within twenty days after receiving such notice, from an official 15 representative or representatives of the school within five hundred 16 feet of said proposed licensed premises, indicating to the board that 17 there is an objection to the issuance of such license or liquor 18 franchise agreement because of proximity to a school. The board may 19 extend the time period for submitting objections. For the purpose of 20 21 this section, "church" means a building erected for and used 22 exclusively for religious worship and schooling or other activity in 23 connection therewith. For the purpose of this section, "public 24 institution" means institutions of higher education, parks, community centers, libraries, and transit centers. 25

(b) No liquor license may be issued or reissued by the board to any motor sports facility ((or)), licensee, or liquor franchise agreement operating within the motor sports facility unless the motor sports facility enforces a program reasonably calculated to prevent alcohol or alcoholic beverages not purchased within the facility from entering the facility and such program is approved by local law enforcement agencies.

33 (c) It is the intent under this subsection (9) that a retail 34 license <u>or liquor franchise agreement</u> shall not be issued by the board 35 where doing so would, in the judgment of the board, adversely affect a 36 private school meeting the requirements for private schools under Title 37 28A RCW, which school is within five hundred feet of the proposed 38 licensee, <u>or liquor franchise holder</u>. The board shall fully consider and give substantial weight to objections filed by private schools. If a license <u>or liquor franchise agreement</u> is issued despite the proximity of a private school, the board shall state in a letter addressed to the private school the board's reasons for issuing the license <u>or liquor</u> <u>franchise agreement</u>.

6 (10) The restrictions set forth in subsection (9) of this section 7 shall not prohibit the board from authorizing the assumption of 8 existing licenses now located within the restricted area by other 9 persons or licenses or relocations of existing licensed premises within 10 the restricted area. In no case may the licensed premises be moved 11 closer to a church or school than it was before the assumption or 12 relocation.

(11)(a) Nothing in this section prohibits the board, in its discretion, from issuing a temporary retail or distributor license to an applicant to operate the retail or distributor premises during the period the application for the license is pending. The board may establish a fee for a temporary license by rule.

(b) A temporary license issued by the board under this section shall be for a period not to exceed sixty days. A temporary license may be extended at the discretion of the board for additional periods of sixty days upon payment of an additional fee and upon compliance with all conditions required in this section.

(c) Refusal by the board to issue or extend a temporary license shall not entitle the applicant to request a hearing. A temporary license may be canceled or suspended summarily at any time if the board determines that good cause for cancellation or suspension exists. RCW 66.08.130 applies to temporary licenses.

(d) Application for a temporary license shall be on such form as
the board shall prescribe. If an application for a temporary license
is withdrawn before issuance or is refused by the board, the fee which
accompanied such application shall be refunded in full.

(12) In determining whether to grant or deny a license or renewal of any license, the board shall give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic

illegal activity" means (a) a pervasive pattern of activity that 1 threatens the public health, safety, and welfare of the city, town, or 2 3 county including, but not limited to, open container violations, 4 assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, 5 б emergency medical response data, calls for service, field data, or 7 similar records of a law enforcement agency for the city, town, county, 8 or any other municipal corporation or any state agency; or (b) an 9 unreasonably high number of citations for violations of RCW 46.61.502 10 associated with the applicant's or licensee's operation of any licensed 11 premises as indicated by the reported statements given to law 12 enforcement upon arrest.

13 Sec. 208. RCW 66.24.012 and 1997 c 58 s 862 are each amended to 14 read as follows:

The board shall immediately suspend the license or liquor franchise 15 16 agreement of a person who has been certified pursuant to RCW 74.20A.320 17 by the department of social and health services as a person who is not 18 in compliance with a support order or a residential or visitation order. If the person has continued to meet all other requirements for 19 20 reinstatement during the suspension, reissuance of the license or 21 liquor franchise agreement shall be automatic upon the board's receipt 22 of a release issued by the department of social and health services 23 stating that the licensee or liquor franchise holder is in compliance with the order. 24

25 **Sec. 209.** RCW 66.24.015 and 1988 c 200 s 4 are each amended to 26 read as follows:

An application for a new annual retail license under this title 27 28 shall be accompanied by payment of a nonrefundable seventy-five dollar 29 fee to cover expenses incurred in processing the application. If the 30 application is approved, the application fee shall be applied toward the fee charged for the license. An application for a liquor franchise 31 agreement under this title shall be accompanied by a nonrefundable fee 32 to be determined by the board by rule. If the liquor franchise 33 34 application is approved, the application fee shall be applied toward the fee charged for the license. 35

1 Sec. 210. RCW 66.24.025 and 2002 c 119 s 4 are each amended to 2 read as follows:

(1) If the board approves, a license or liquor franchise agreement 3 4 may be transferred, without charge, to the surviving spouse only of a deceased licensee or liquor franchise holder if the parties were 5 maintaining a marital community and the license or liquor franchise 6 7 agreement was issued in the names of one or both of the parties. For 8 the purpose of considering the qualifications of the surviving party or parties to receive a liquor license or liquor franchise agreement, the 9 10 liquor control board may require a criminal history record information The board may submit the criminal history record information 11 check. 12 check to the Washington state patrol and to the identification division 13 of the federal bureau of investigation in order that these agencies may 14 search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board shall 15 require fingerprinting of any applicant whose criminal history record 16 information check is submitted to the federal bureau of investigation. 17

18 (2) The proposed sale of more than ten percent of the outstanding 19 and/or issued stock of a licensed corporation or any proposed change in 20 the officers of a licensed corporation must be reported to the board, 21 and board approval must be obtained before such changes are made. A 22 fee of seventy-five dollars will be charged for the processing of such 23 change of stock ownership and/or corporate officers.

24 **Sec. 211.** RCW 66.24.120 and 1973 1st ex.s. c 209 s 12 are each 25 amended to read as follows:

The board in suspending any license <u>or liquor franchise agreement</u> may further provide in the order of suspension that such suspension shall be vacated upon payment to the board by the licensee <u>or liquor</u> <u>franchise holder</u> of a monetary penalty in an amount then fixed by the board.

31 **Sec. 212.** RCW 66.44.200 and 1998 c 259 s 1 are each amended to 32 read as follows:

(1) No person shall sell any liquor to any person apparently underthe influence of liquor.

35 (2)(a) No person who is apparently under the influence of liquor

may purchase or consume liquor on any premises licensed by the board <u>or</u>
 <u>any liquor franchise designated by the board</u>.

3 (b) A violation of this subsection is an infraction punishable by 4 a fine of not more than five hundred dollars.

5 (c) A defendant's intoxication may not be used as a defense in an 6 action under this subsection.

7 (((d) Until July 1, 2000, every establishment licensed under RCW 8 66.24.330 or 66.24.420 shall conspicuously post in the establishment 9 notice of the prohibition against the purchase or consumption of liquor 10 under this subsection.))

11 (3) An administrative action for violation of subsection (1) of 12 this section and an infraction issued for violation of subsection (2) 13 of this section arising out of the same incident are separate actions 14 and the outcome of one shall not determine the outcome of the other.

15 Sec. 213. RCW 66.44.318 and 1995 c 100 s 2 are each amended to 16 read as follows:

Licensees holding nonretail class liquor licenses <u>and liquor</u> <u>franchise holders</u> are permitted to allow their employees between ((<del>[the]</del>)) <u>the</u> ages of eighteen and twenty-one to stock, merchandise, and handle <u>liquor</u>, beer, or wine on or about the nonretail premises if there is an adult twenty-one years of age or older on duty supervising such activities on the premises.

23 **Sec. 214.** RCW 66.44.340 and 1999 c 281 s 11 are each amended to 24 read as follows:

25 Employers holding grocery store or beer and/or wine specialty shop licenses and liquor franchise holders exclusively are permitted to 26 allow their employees, between the ages of eighteen and twenty-one 27 years, to sell, stock, and handle <u>liquor</u>, beer, or wine in, on or about 28 any establishment holding a grocery store or beer and/or wine specialty 29 shop license or liquor franchise agreement exclusively((+ PROVIDED, 30 That)) if there is an adult twenty-one years of age or older on duty 31 supervising the sale of liquor at the licensed premises((+ PROVIDED, 32 33 That)). Minor employees may make deliveries of beer and/or wine 34 purchased from licensees holding grocery store or beer and/or wine 35 specialty shop licenses exclusively, when delivery is made to cars of

customers adjacent to such licensed premises but only, however, when
 the minor employee is accompanied by the purchaser.

3 <u>NEW SECTION.</u> Sec. 215. A new section is added to chapter 66.08
4 RCW to read as follows:

5 (1) By July 1, 2013, the board must close all state liquor stores 6 and state liquor distribution facilities, and must sell at auction all 7 assets pertaining to the state sale and distribution of liquor. Funds 8 received from these auctions shall be deposited in the state general 9 fund.

10

(2)(a) By July 1, 2013, the board must:

(i) Determine liquor franchise areas throughout the state in which a certain number of liquor franchises can be located;

(ii) Establish criteria for the placement of liquor franchises in liquor franchise areas, including input gained from cities, counties, towns, schools, churches, and public institutions pursuant to RCW 66.24.010, and the amount of the purchase price offered by the liquor franchise applicant;

(iii) Collect information from incorporated cities and towns regarding acceptable locations for liquor franchises within their boundaries. The board must not locate liquor franchises in any locations that have not been deemed acceptable by cities and towns;

22 (iv) Award liquor franchise agreements to applicants in all liquor 23 franchise areas;

24 (v) Grant a liquor franchise agreement to a liquor franchise 25 applicant who has paid applicable fees, has retail sales of grocery products for off-premises consumption that are more than forty percent 26 of the applicant's gross sales, and operates a fully enclosed retail 27 area encompassing at least ten thousand square feet. The board may 28 29 liquor franchise to an applicant with a retail area issue a encompassing less than ten thousand square feet if the board determines 30 31 that no applicant in the community the applicant serves meets the square footage requirement and the applicant meets operational 32 requirements established by the board by rule or the applicant has 33 34 obtained the approval of local government;

35 (vi) Grant a liquor franchise agreement to a liquor franchise 36 applicant who has paid applicable fees and is a membership organization 1 that requires members to be eighteen years of age and operates a fully 2 enclosed retail area encompassing at least ten thousand square feet; 3 and

4 (vii) Grant a liquor franchise agreement to a liquor franchise 5 applicant who has paid applicable fees and is a federally recognized 6 tribe with a current state contract for the sales of spirits, wine, or 7 beer.

8 (b) For the purposes of subsection (a)(v) through (vii) of this 9 subsection (2), no liquor franchise applicant can be granted a liquor 10 franchise agreement if the liquor franchise applicant has had more than 11 one public safety violation within the past two years.

(3) The board shall provide an orderly transition from state liquorstore sales to liquor franchise sales.

(4) After July 1, 2013, it is unlawful for the board to lease spacefor or to operate a state retail or wholesale liquor store.

16 (5) Nothing in this section shall be construed to eliminate liquor 17 vendors as referenced in RCW 66.08.050.

(6) The board may adopt rules to carry out the provisions of thissection. These rules may include, but are not limited to:

20 (a) The establishment of franchise agreement periods, expiration21 dates, and renewal procedures;

22 (b) The enumeration of records to be kept by franchise holders;

(c) The procedures for advertising and other promotion of sales of spirits by liquor franchise holders, in accordance with RCW 66.08.060; and

26 (d) The establishment of fees and administrative penalties for 27 liquor franchise holders.

(7) The price of liquor sold at liquor franchises must be set by each liquor franchise holder, but cannot be less than the price the franchise holder paid to obtain the liquor, including any applicable taxes.

32 (8) The board shall determine the hours and days, subject to RCW
33 66.08.167, during which liquor may be sold at liquor franchises.

34

## PART III - FUTURE CHANGES

35 Sec. 301. RCW 66.04.010 and 2011 c . . . s 201 (section 201 of 36 this act) are each amended to read as follows:

1

In this title, unless the context otherwise requires:

2 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the 3 fermentation or distillation of grain, starch, molasses, or sugar, or 4 5 other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the б 7 possession of a manufacturer or distiller of alcohol fuel, as described 8 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 9 10 of husbandry.

11

(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;

14 (b) Has its business located in the United States outside of the 15 state of Washington;

16 (c) Acquires ownership of beer or wine for transportation into and 17 resale in the state of Washington; and which beer or wine is produced 18 by a brewery or winery in the United States outside of the state of 19 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.

32 (5) "Beer importer" means a person or business within Washington 33 who purchases beer from a beer certificate of approval holder or who 34 acquires foreign produced beer from a source outside of the United 35 States for the purpose of selling the same pursuant to this title.

36 (6) "Board" means the liquor control board, constituted under this 37 title.

(7) "Brewer" or "brewery" means any person engaged in the business 1 of manufacturing beer and malt liquor. Brewer includes a brand owner 2 of malt beverages who holds a brewer's notice with the federal bureau 3 of alcohol, tobacco, and firearms at a location outside the state and 4 5 whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic б 7 brewery license, only the privileges of storing, selling to licensed 8 beer distributors, and exporting beer from the state.

9 (8) "Club" means an organization of persons, incorporated or 10 unincorporated, operated solely for fraternal, benevolent, educational, 11 athletic or social purposes, and not for pecuniary gain.

12 (9) "Confection" means a preparation of sugar, honey, or other 13 natural or artificial sweeteners in combination with chocolate, fruits, 14 nuts, dairy products, or flavorings, in the form of bars, drops, or 15 pieces.

16 (10) "Consume" includes the putting of liquor to any use, whether 17 by drinking or otherwise.

18 (11) "Contract liquor store" means a business that sells liquor on 19 behalf of the board through a contract with a contract liquor store 20 manager.

21 (12) "Craft distillery" means a distillery that pays the reduced 22 licensing fee under RCW 66.24.140.

(13) "Dentist" means a practitioner of dentistry duly and regularly
 licensed and engaged in the practice of his profession within the state
 pursuant to chapter 18.32 RCW.

26 (14) "Distiller" means a person engaged in the business of 27 distilling spirits.

(15) "Domestic brewery" means a place where beer and malt liquorare manufactured or produced by a brewer within the state.

30 (16) "Domestic winery" means a place where wines are manufactured 31 or produced within the state of Washington.

32 (17) "Drug store" means a place whose principal business is, the 33 sale of drugs, medicines and pharmaceutical preparations and maintains 34 a regular prescription department and employs a registered pharmacist 35 during all hours the drug store is open.

36 (18) "Druggist" means any person who holds a valid certificate and 37 is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to
 chapter 18.64 RCW.

3

(19) "Employee" means any person employed by the board.

4

(20) "Flavored malt beverage" means:

5 (a) A malt beverage containing six percent or less alcohol by 6 volume to which flavoring or other added nonbeverage ingredients are 7 added that contain distilled spirits of not more than forty-nine 8 percent of the beverage's overall alcohol content; or

9 (b) A malt beverage containing more than six percent alcohol by 10 volume to which flavoring or other added nonbeverage ingredients are 11 added that contain distilled spirits of not more than one and one-half 12 percent of the beverage's overall alcohol content.

13

(21) "Fund" means 'liquor revolving fund.'

(22) "Hotel" means buildings, structures, and grounds, having 14 facilities for preparing, cooking, and serving food, that are kept, 15 used, maintained, advertised, or held out to the public to be a place 16 17 where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the 18 19 sleeping accommodation of such transient guests. The buildings, 20 structures, and grounds must be located on adjacent property either 21 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.

25

(24) "Imprisonment" means confinement in the county jail.

26 (25) "Liquor" includes the four varieties of liquor herein defined 27 (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a 28 part of which is fermented, spirituous, vinous or malt liquor, or 29 30 otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, 31 32 and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or 33 other substance, which contains more than one percent of alcohol by 34 35 weight shall be conclusively deemed to be intoxicating. Liquor does 36 not include confections or food products that contain one percent or 37 less of alcohol by weight.

1 (26) "Liquor franchise" means a specific location designated by the 2 board where spirits, wine, and beer may be sold in original packages 3 for off-premises consumption, or where liquor may be sold to holders of 4 a permit to purchase.

5 (27) "Liquor franchise agreement" means approval by the board to 6 operate a liquor franchise in accordance with the provisions of this 7 title.

8 (28) "Liquor franchise applicant" means any person who bids for a 9 liquor franchise agreement to sell spirits, wine, and beer in 10 accordance with the provisions of this title.

(29) "Liquor franchise area" means a geographic area designated assuch by the board for the purpose of issuing franchise agreements.

13 (30) "Liquor franchise holder" means a person who has been granted 14 a liquor franchise agreement in accordance with the provisions of this 15 title.

(31) "Malt beverage" or "malt liquor" means any beverage such as 16 17 beer, ale, lager beer, stout, and porter obtained by the alcoholic 18 fermentation of an infusion or decoction of pure hops, or pure extract 19 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 20 21 not less than one-half of one percent of alcohol by volume. For the 22 purposes of this title, any such beverage containing more than eight 23 percent of alcohol by weight shall be referred to as "strong beer."

(32) "Manufacturer" means a person engaged in the preparation ofliquor for sale, in any form whatsoever.

(33) "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.

30 (34) "Package" means any container or receptacle used for holding 31 liquor.

(35) "Passenger vessel" means any boat, ship, vessel, barge, or
 other floating craft of any kind carrying passengers for compensation.

34 (36) "Permit" means a permit for the purchase of liquor under this 35 title.

36 (37) "Person" means an individual, copartnership, association, or 37 corporation. (38) "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.

4 (39) "Prescription" means a memorandum signed by a physician and
5 given by him to a patient for the obtaining of liquor pursuant to this
6 title for medicinal purposes.

(40) "Public place" includes streets and alleys of incorporated 7 cities and towns; state or county or township highways or roads; 8 buildings and grounds used for school purposes; public dance halls and 9 10 grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, 11 12 public meeting halls, lobbies, halls and dining rooms of hotels, 13 restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is 14 permitted to have unrestricted access; railroad trains, stages, and 15 other public conveyances of all kinds and character, and the depots and 16 17 waiting rooms used in conjunction therewith which are open to 18 unrestricted use and access by the public; publicly owned bathing 19 beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of 20 21 access, and which are generally used by the public.

(41) "Regulations" means regulations made by the board under thepowers conferred by this title.

(42) "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.

(43) "Sale" and "sell" include exchange, barter, and traffic; and 28 29 also include the selling or supplying or distributing, by any means 30 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 31 32 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 33 "Sale" and "sell" shall not include the giving, at no charge, 34 state. 35 of a reasonable amount of liquor by a person not licensed by the board 36 to a person not licensed by the board, for personal use only. "Sale" 37 and "sell" also does not include a raffle authorized under RCW

9.46.0315. However, the nonprofit organization conducting the raffle
 has obtained the appropriate permit from the board.

3 (44) "Soda fountain" means a place especially equipped with 4 apparatus for the purpose of dispensing soft drinks, whether mixed or 5 otherwise.

6 (45) "Spirits" means any beverage which contains alcohol obtained
7 by distillation, except flavored malt beverages, but including wines
8 exceeding twenty-four percent of alcohol by volume.

9 (46) ((<del>"Store" means a state liquor store established under this</del> 10 <del>title.</del>

11 (47))) "Tavern" means any establishment with special space and 12 accommodation for sale by the glass and for consumption on the 13 premises, of beer, as herein defined.

14 (((48))) (47)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other 15 agricultural product containing sugar, to which any saccharine 16 substances may have been added before, during or after fermentation, 17 18 and containing not more than twenty-four percent of alcohol by volume, 19 including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of 20 21 alcohol by volume and not less than one-half of one percent of alcohol 22 by volume. For purposes of this title, any beverage containing no more 23 than fourteen percent of alcohol by volume when bottled or packaged by 24 the manufacturer shall be referred to as "table wine," and any beverage 25 containing alcohol in an amount more than fourteen percent by volume 26 when bottled or packaged by the manufacturer shall be referred to as 27 "fortified wine." However, "fortified wine" does not include: (i) 28 Wines that are both sealed or capped by cork closure and aged two years 29 or more; and (ii) wines that contain more than fourteen percent alcohol 30 by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, 31 32 or alcohol.

33 (b) This subsection shall not be interpreted to require that any 34 wine be labeled with the designation "table wine" or "fortified wine."

35 ((<del>(49)</del>)) <u>(48)</u> "Wine distributor" means a person who buys wine from 36 a domestic winery, wine certificate of approval holder, or wine 37 importer, or who acquires foreign produced wine from a source outside 1 of the United States, for the purpose of selling the same not in 2 violation of this title, or who represents such vintner or winery as 3 agent.

4 (((50))) (49) "Wine importer" means a person or business within 5 Washington who purchases wine from a wine certificate of approval 6 holder or who acquires foreign produced wine from a source outside of 7 the United States for the purpose of selling the same pursuant to this 8 title.

9 ((<del>(51)</del>)) <u>(50)</u> "Winery" means a business conducted by any person for 10 the manufacture of wine for sale, other than a domestic winery.

11 **Sec. 302.** RCW 66.08.012 and 1961 c 307 s 7 are each amended to 12 read as follows:

13 There shall be a board, known as the "Washington state liquor control board, " consisting of three members((, to)). One member shall 14 be qualified by local government experience. Two members shall be 15 16 qualified by experience or training in matters pertaining to retail sales and/or distribution. All three members shall be appointed by the 17 governor, with the consent of the senate, who shall each be paid an 18 19 annual salary to be fixed by the governor in accordance with the 20 provisions of RCW 43.03.040. The governor may, in his or her 21 discretion, appoint one of the members as chair of the board, and a 22 majority of the members shall constitute a quorum of the board.

23 Sec. 303. RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended 24 to read as follows:

The administration of this title((<del>, including the general control,</del> management and supervision of all liquor stores, shall be)) <u>is</u> vested in the liquor control board, constituted under this title.

28 Sec. 304. RCW 66.08.026 and 2008 c 67 s 1 are each amended to read 29 as follows:

Administrative expenses of the board shall be appropriated and paid from the liquor revolving fund. These administrative expenses shall include, but not be limited to: The salaries and expenses of the board and its employees, ((the cost of opening additional state liquor stores and warehouses,)) legal services, pilot projects, annual or other audits, and other general costs of conducting the business of the

board. ((The administrative expenses shall not include costs of liquor 1 2 and lottery tickets purchased, the cost of transportation and delivery to the point of distribution, the cost of operating, maintaining, 3 4 relocating, and leasing state liquor stores and warehouses, other costs pertaining to the acquisition and receipt of liquor and lottery 5 6 tickets, agency commissions for contract liquor stores, transaction fees associated with credit or debit card purchases for liquor in state 7 8 liquor stores and in contract liquor stores pursuant to RCW 66.16.040 9 and 66.16.041, sales tax, and those amounts distributed pursuant to RCW 66.08.180, 66.08.190, 66.08.200, 66.08.210 and 66.08.220. Agency 10 11 commissions for contract liquor stores shall be established by the liquor control board after consultation with and approval by the 12 13 director of the office of financial management.)) All expenditures and payment of obligations authorized by this section are subject to the 14 15 allotment requirements of chapter 43.88 RCW.

16 Sec. 305. RCW 66.08.030 and 2011 c. . . s 202 (section 202 of this
17 act) are each amended to read as follows:

18 (1) For the purpose of carrying into effect the provisions of this title according to their true intent or of supplying any deficiency 19 20 therein, the board may make such regulations not inconsistent with the 21 spirit of this title as are deemed necessary or advisable. All regulations so made shall be a public record and shall be filed in the 22 office of the code reviser, and thereupon shall have the same force and 23 effect as if incorporated in this title. Such regulations, together 24 25 with a copy of this title, shall be published in pamphlets and shall be 26 distributed as directed by the board.

(2) Without thereby limiting the generality of the provisions contained in subsection (1) of this section, it is declared that the power of the board to make regulations in the manner set out in that subsection extends to:

31 (a) ((Regulating the equipment and management of liquor franchises 32 and stores and warehouses in which state liquor is sold or kept, and 33 prescribing the books and records to be kept therein and the reports to 34 be made thereon to the board;

35 (b)) Prescribing the duties of the employees of the board, and 36 regulating their conduct in the discharge of their duties; 1 (((c) Governing the purchase of liquor by the state and the 2 furnishing of liquor to stores established under this title;

3 (d) Determining the classes, varieties, and brands of liquor to be
4 kept for sale at any store;

5 (e) Providing for the issuing and distributing of price lists 6 showing the price to be paid by purchasers for each variety of liquor 7 kept for sale under this title;

8 (f)) (b) Prescribing an official seal and official labels and 9 stamps and determining the manner in which they shall be attached to 10 every package of liquor sold or sealed under this title, including the 11 prescribing of different official seals or different official labels 12 for different classes of liquor;

13 ((<del>(g) Providing for the payment by the board in whole or in part of</del> 14 the carrying charges on liquor shipped by freight or express;

(h)) (c) Prescribing forms to be used for purposes of this title 15 or the regulations, and the terms and conditions to be contained in 16 permits and licenses issued under this title, and the qualifications 17 18 for receiving a permit or license issued under this title, including a criminal history record information check. The board may submit the 19 criminal history record information check to the Washington state 20 21 patrol and to the identification division of the federal bureau of 22 investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who 23 24 filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted 25 26 to the federal bureau of investigation;

(((i))) (d) Prescribing the fees payable in respect of permits and licenses and liquor franchise agreements issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or permitted to be done under the regulations;

((<del>(j)</del>)) <u>(e)</u> Prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;

36 ((<del>(k)</del>)) <u>(f)</u> Regulating the sale of liquor kept by the holders of 37 licenses and liquor franchise agreements which entitle the holder to 38 purchase and keep liquor for sale;

1 (((+))) (g) Prescribing the records of purchases or sales of liquor
2 kept by the holders of licenses and liquor franchise agreements, and
3 the reports to be made thereon to the board, and providing for
4 inspection of the records so kept;

5 (((<del>m)</del>)) (<u>h</u>) Prescribing the kinds and quantities of liquor for 6 which a prescription may be given, and the number of prescriptions 7 which may be given to the same patient within a stated period;

8 ((<del>(n)</del>)) <u>(i)</u> Prescribing the manner of giving and serving notices 9 required by this title or the regulations, where not otherwise provided 10 for in this title;

11 (((+o))) (j) Regulating premises in which liquor is kept for export 12 from the state, or from which liquor is exported, prescribing the books 13 and records to be kept therein and the reports to be made thereon to 14 the board, and providing for the inspection of the premises and the 15 books, records and the liquor so kept;

16 ((<del>(p)</del>)) <u>(k)</u> Prescribing the conditions and qualifications requisite 17 for the obtaining of club licenses and the books and records to be kept 18 and the returns to be made by clubs, prescribing the manner of 19 licensing clubs in any municipality or other locality, and providing 20 for the inspection of clubs;

21 ((<del>(q)</del>)) <u>(1)</u> Prescribing the conditions, accommodations and 22 qualifications requisite for the obtaining of licenses to sell beer and 23 wines, and regulating the sale of beer and wines thereunder;

 $((\langle r \rangle))$  (m) Specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

29 (((s))) (n) Providing for the making of returns by brewers of their 30 sales of beer shipped within the state, or from the state, showing the 31 gross amount of such sales and providing for the inspection of brewers' 32 books and records, and for the checking of the accuracy of any such 33 returns;

34 (((t))) (o) Providing for the making of returns by the wholesalers 35 of beer whose breweries are located beyond the boundaries of the state; 36 (((u))) (p) Providing for the making of returns by any other liquor 37 manufacturers, showing the gross amount of liquor produced or 38 purchased, the amount sold within and exported from the state, and to 1 whom so sold or exported, and providing for the inspection of the 2 premises of any such liquor manufacturers, their books and records, and 3 for the checking of any such return;

4 (((v))) (q) Providing for the giving of fidelity bonds by any or
5 all of the employees of the board. However, the premiums therefor
6 shall be paid by the board;

7 ((<del>(w)</del>)) <u>(r)</u> Providing for the shipment by mail or common carrier of 8 liquor to any person holding a permit and residing in any unit which 9 has, by election pursuant to this title, prohibited the sale of liquor 10 therein;

11 (((x))) <u>(s)</u> Prescribing methods of manufacture, conditions of 12 sanitation, standards of ingredients, quality and identity of alcoholic 13 beverages manufactured, sold, bottled, or handled by licensees and the 14 board; and conducting from time to time, in the interest of the public 15 health and general welfare, scientific studies and research relating to 16 alcoholic beverages and the use and effect thereof;

17 (((<del>(y)</del>)) (t) Seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state 18 which do not conform in all respects to the standards prescribed by 19 this title or the regulations of the board. Nothing herein contained 20 21 shall be construed as authorizing the liquor board to prescribe, alter, 22 limit or in any way change the present law as to the quantity or 23 percentage of alcohol used in the manufacturing of wine or other 24 alcoholic beverages.

25 **Sec. 306.** RCW 66.08.050 and 2005 c 151 s 3 are each amended to 26 read as follows:

The board, subject to the provisions of this title and the rules, shall:

(1) ((Determine the localities within which state liquor stores shall be established throughout the state, and the number and situation of the stores within each locality;

32 (2) Appoint in cities and towns and other communities, in which no 33 state liquor store is located, contract liquor stores. In addition, 34 the board may)) Appoint, in its discretion, a manufacturer that also 35 manufactures liquor products other than wine under a license under this 36 title, as a contract liquor store for the purpose of sale of liquor 37 products of its own manufacture on the licensed premises only. ((Such

1 contract liquor stores shall be authorized to sell liquor under the 2 guidelines provided by law, rule, or contract, and)) Such contract 3 liquor stores shall be subject to such additional rules and regulations 4 consistent with this title as the board may require;

5 (((3) Establish all necessary warehouses for the storing and bottling, diluting and rectifying of stocks of liquors for the purposes 7 of this title;

8 (4) Provide for the leasing for periods not to exceed ten years of 9 all premises required for the conduct of the business; and for 10 remodeling the same, and the procuring of their furnishings, fixtures, 11 and supplies; and for obtaining options of renewal of such leases by 12 the lessee. The terms of such leases in all other respects shall be 13 subject to the direction of the board;

14 (5))) (2) Determine the nature, form and capacity of all packages 15 to be used for containing liquor kept for sale under this title;

16 ((<del>(6)</del>)) <u>(3)</u> Execute or cause to be executed, all contracts, papers, 17 and documents in the name of the board, under such regulations as the 18 board may fix;

19 (((<del>(7)</del>)) <u>(4)</u> Pay all customs, duties, excises, charges and 20 obligations whatsoever relating to the business of the board;

21 ((<del>(8)</del> Require bonds from all employees in the discretion of the 22 board, and to determine the amount of fidelity bond of each such 23 employee;

(9)) (5) Perform services for the state lottery commission to such
 extent, and for such compensation, as may be mutually agreed upon
 between the board and the commission;

27 (((10))) (6) Accept and deposit into the general fund-local account and disburse, subject to appropriation, federal grants or other funds 28 29 or donations from any source for the purpose of improving public 30 awareness of the health risks associated with alcohol consumption by youth and the abuse of alcohol by adults in Washington state. 31 The 32 board's alcohol awareness program shall cooperate with federal and state agencies, interested organizations, and individuals to effect an 33 34 active public beverage alcohol awareness program;

35 ((<del>(11)</del>)) <u>(7)</u> Perform all other matters and things, whether similar 36 to the foregoing or not, to carry out the provisions of this title, and 37 shall have full power to do each and every act necessary to the conduct 38 of its business, including all buying, selling, preparation and approval of forms, and every other function of the business whatsoever, subject only to audit by the state auditor((: PROVIDED, That)). <u>However</u>, the board shall have no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct being provoked by such language.

7 Sec. 307. RCW 66.08.060 and 2005 c 231 s 3 are each amended to 8 read as follows:

9 ((<del>(1) The board shall not advertise liquor in any form or through</del> 10 <del>any medium whatsoever.</del>

11 (2) In-store liquor merchandising is not advertising for the 12 purposes of this section.

13 (3)) The board shall have power to adopt any and all reasonable 14 rules as to the kind, character, and location of advertising of liquor 15 <u>for liquor franchise holders encompassing a retail area less than ten</u> 16 <u>thousand square feet</u>.

17 **Sec. 308.** RCW 66.08.167 and 2005 c 231 s 4 are each amended to 18 read as follows:

19 (1) ((Before the board determines which state liquor stores)) The 20 board may adopt rules regarding which liquor franchises will be open on Sundays((, it)). In adopting Sunday sales rules, the board shall give: 21 22 (a) Due consideration to the location of the liquor ((store)) franchise 23 with respect to the proximity of places of worship, schools, and public 24 institutions; (b) due consideration to motor vehicle accident data in the proximity of the liquor ((store)) franchise; and (c) written notice 25 by certified mail of the proposed Sunday opening, including proposed 26 Sunday opening hours, to places of worship, schools, and public 27 institutions within five hundred feet of the liquor ((store)) franchise 28 29 proposed to be open on Sunday.

30 (2) Before permitting ((an agency vendor)) <u>a</u> liquor ((store)) 31 <u>franchise</u> to open for business on Sunday, the board must meet the due 32 consideration and written notice requirements established in subsection 33 (1) of this section.

34 (3) For the purpose of this section, "place of worship" means a
 35 building erected for and used exclusively for religious worship and
 36 schooling or other related religious activity.

1 Sec. 309. RCW 66.16.110 and 1993 c 422 s 2 are each amended to
2 read as follows:

The board shall cause <u>liquor franchises</u> to ((be posted)) post in conspicuous places, in a number determined by the board, ((within each state liquor store,)) notices in print not less than one inch high warning persons that consumption of alcohol shortly before conception or during pregnancy may cause birth defects, including fetal alcohol syndrome and fetal alcohol effects.

9 Sec. 310. RCW 66.12.110 and 1999 c 281 s 3 are each amended to 10 read as follows:

11 A person twenty-one years of age or over may bring into the state 12 from without the United States, free of tax and markup, for his 13 personal or household use such alcoholic beverages as have been 14 declared and permitted to enter the United States duty free under 15 federal law.

16 Such entry of alcoholic beverages in excess of that herein provided 17 may be authorized by the board upon payment of ((an equivalent markup and tax as would be applicable to the purchase of the same or similar 18 liquor at retail from a Washington state liquor store)) state sales 19 20 tax. The board shall adopt appropriate regulations pursuant to chapter 21 34.05 RCW for the purpose of carrying out the provisions of this 22 The board may issue a spirits, beer, and wine private club section. 23 license to a charitable or nonprofit corporation of the state of Washington, the majority of the officers and directors of which are 24 25 United States citizens and the minority of the officers and directors 26 of which are citizens of the Dominion of Canada, and where the location of the premises for such spirits, beer, and wine private club license 27 is not more than ten miles south of the border between the United 28 29 States and the province of British Columbia.

30 **Sec. 311.** RCW 66.12.120 and 1995 c 100 s 1 are each amended to 31 read as follows:

Notwithstanding any other provision of Title 66 RCW, a person twenty-one years of age or over may, free of tax and markup, for personal or household use, bring into the state of Washington from another state no more than once per calendar month up to two liters of spirits or wine or two hundred eighty-eight ounces of beer.

Additionally, such person may be authorized by the board to bring into 1 2 the state of Washington from another state a reasonable amount of alcoholic beverages in excess of that provided in this section for 3 personal or household use only upon payment of ((an equivalent markup 4 and tax as would be applicable to the purchase of the same or similar 5 liquor at retail from a state liquor store)) state sales tax. б The 7 board shall adopt appropriate regulations pursuant to chapter 34.05 RCW 8 for the purpose of carrying into effect the provisions of this section.

9 **Sec. 312.** RCW 66.12.140 and 1982 c 85 s 8 are each amended to read 10 as follows:

11 (1) Nothing in this title shall prevent the use of beer, wine, 12 and/or spirituous liquor, for cooking purposes only, in conjunction 13 with a culinary or restaurant course offered by a college, university, 14 community college, area vocational technical institute, or private vocational school. Further, nothing in this title shall prohibit the 15 16 making of beer or wine in food fermentation courses offered by a college, university, community college, area vocational technical 17 18 institute, or private vocational school.

19 (2) "Culinary or restaurant course" as used in this section means 20 a course of instruction which includes practical experience in food 21 preparation under the supervision of an instructor who is twenty-one 22 years of age or older.

(3) Persons under twenty-one years of age participating in culinary or restaurant courses may handle beer, wine, or spirituous liquor for purposes of participating in the courses, but nothing in this section shall be construed to authorize consumption of liquor by persons under twenty-one years of age or to authorize possession of liquor by persons under twenty-one years of age at any time or place other than while preparing food under the supervision of the course instructor.

30 (4) Beer, wine, and/or spirituous liquor to be used in culinary or 31 restaurant courses shall be purchased at retail from ((the board or)) 32 a retailer licensed under this title. All such liquor shall be 33 securely stored in the food preparation area and shall not be displayed 34 in an area open to the general public.

(5) Colleges, universities, community colleges, area vocational
 technical institutes, and private vocational schools shall obtain the

1 prior written approval of the board for use of beer, wine, and/or 2 spirituous liquor for cooking purposes in their culinary or restaurant 3 courses.

4 **Sec. 313.** RCW 66.20.010 and 2008 c 181 s 602 are each amended to 5 read as follows:

6 Upon application in the prescribed form being made to any employee 7 authorized by the board to issue permits, accompanied by payment of the 8 prescribed fee, and upon the employee being satisfied that the 9 applicant should be granted a permit under this title, the employee 10 shall issue to the applicant under such regulations and at such fee as 11 may be prescribed by the board a permit of the class applied for, as 12 follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanitorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;

(4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

35 (5) Where the application is for a special permit by a manufacturer 36 to import or purchase within the state alcohol, malt, and other 1 materials containing alcohol to be used in the manufacture of liquor, 2 or other products, a special permit;

3 (6) Where the application is for a special permit by a person 4 operating a drug store to purchase liquor at retail prices only, to be 5 thereafter sold by such person on the prescription of a physician, a 6 special liquor purchase permit, except that the governor may waive the 7 requirement for a special liquor purchase permit under this subsection 8 pursuant to an order issued under RCW 43.06.220(2);

9 (7) Where the application is for a special permit by an authorized 10 representative of a military installation operated by or for any of the 11 armed forces within the geographical boundaries of the state of 12 Washington, a special permit to purchase liquor for use on such 13 military installation ((at prices to be fixed by the board));

14 Where the application is for a special permit by (8) а manufacturer, importer, or distributor, or representative thereof, to 15 serve liquor without charge to delegates and guests at a convention of 16 17 a trade association composed of licensees of the board, when the said 18 liquor is served in a hospitality room or from a booth in a boardapproved suppliers' display room at the convention, and when the liquor 19 so served is for consumption in the said hospitality room or display 20 21 room during the convention, anything in Title 66 RCW to the contrary 22 notwithstanding. Any such spirituous liquor shall be purchased from ((the board)) a liquor franchise or a spirits, beer, and wine 23 24 restaurant licensee and any such beer and wine shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210; 25

26 Where the application is for a special permit by (9) а 27 manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for 28 29 delegates and guests at a convention of a trade association composed of 30 licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the 31 32 convention, anything in Title 66 RCW to the contrary notwithstanding. Any such spirituous liquor shall be purchased from the ((board)) liquor 33 franchise or a spirits, beer, and wine restaurant licensee and any such 34 35 beer and wine shall be subject to the taxes imposed by RCW 66.24.290 36 and 66.24.210;

37 (10) Where the application is for a special permit by a 38 manufacturer, importer, or distributor, or representative thereof, to

donate and/or serve liquor without charge to delegates and guests at an 1 international trade fair, show, or exposition held under the auspices 2 of a federal, state, or local governmental entity or organized and 3 promoted by a nonprofit organization, anything in Title 66 RCW to the 4 5 contrary notwithstanding. Any such spirituous liquor shall be purchased from ((the board)) a liquor franchise and any such beer or 6 7 wine shall be subject to the taxes imposed by RCW 66.24.290 and 8 66.24.210;

9 (11) Where the application is for an annual special permit by a 10 person operating a bed and breakfast lodging facility to donate or 11 serve wine or beer without charge to overnight guests of the facility 12 if the wine or beer is for consumption on the premises of the facility. 13 "Bed and breakfast lodging facility," as used in this subsection, means 14 a facility offering from one to eight lodging units and breakfast to 15 travelers and guests.

16 **Sec. 314.** RCW 66.20.160 and 2005 c 151 s 8 are each amended to 17 read as follows:

18 Words and phrases as used in RCW 66.20.160 to 66.20.210, inclusive, 19 shall have the following meaning:

20 "Card of identification" means any one of those cards described in 21 RCW 66.16.040.

22 "Licensee" means the holder of a retail liquor license issued by 23 the board, and includes any employee or agent of the licensee.

(("Store employee" means a person employed in a state liquor store to sell liquor.)) "Liquor franchise holder" means a person who has been granted a liquor franchise agreement in accordance with the provisions of this title.

28 Sec. 315. RCW 66.20.170 and 1973 1st ex.s. c 209 s 5 are each 29 amended to read as follows:

A card of identification may, for the purpose of this title and for the purpose of procuring liquor, be accepted as an identification card by any licensee or ((store employee)) liquor franchise holder and as evidence of legal age of the person presenting such card, provided the licensee or ((store employee)) liquor franchise holder complies with the conditions and procedures prescribed herein and such regulations as may be made by the board. 1 sec. 316. RCW 66.20.180 and 2005 c 151 s 9 are each amended to
2 read as follows:

A card of identification shall be presented by the holder thereof 3 upon request of any licensee, ((store employee,)) contract liquor store 4 5 manager, contract liquor store employee, <u>liquor franchise holder</u>, peace officer, or enforcement officer of the board for the purpose of aiding б 7 the licensee, ((<del>store employee,</del>)) contract liquor store manager, 8 contract liquor store employee, liquor franchise holder, peace officer, or enforcement officer of the board to determine whether or not such 9 10 person is of legal age to purchase liquor when such person desires to procure liquor from a licensed establishment or state liquor store or 11 12 contract liquor store.

13 Sec. 317. RCW 66.20.190 and 1981 1st ex.s. c 5 s 9 are each 14 amended to read as follows:

15 In addition to the presentation by the holder and verification by 16 the licensee or ((store employee)) liquor franchise holder of such card 17 of identification, the licensee or ((store employee)) liquor franchise holder who is still in doubt about the true age of the holder shall 18 require the person whose age may be in question to sign a certification 19 20 card and record an accurate description and serial number of his card 21 of identification thereon. Such statement shall be upon a five-inch by 22 eight-inch file card, which card shall be filed alphabetically by the 23 licensee or ((store employee)) liquor franchise holder at or before the 24 close of business on the day on which the statement is executed, in the 25 file box containing a suitable alphabetical index and the card shall be 26 subject to examination by any peace officer or agent or employee of the 27 board at all times. The certification card shall also contain in boldface type a statement stating that the signer understands that 28 29 conviction for unlawful purchase of alcoholic beverages or misuse of 30 the certification card may result in criminal penalties including 31 imprisonment or fine or both.

32 **Sec. 318.** RCW 66.20.200 and 2003 c 53 s 295 are each amended to 33 read as follows:

(1) It shall be unlawful for the owner of a card of identification
 to transfer the card to any other person for the purpose of aiding such
 person to procure alcoholic beverages from any licensee or ((store

employee)) liquor franchise holder. Any person who shall permit his or 1 2 her card of identification to be used by another or transfer such card to another for the purpose of aiding such transferee to obtain 3 alcoholic beverages from a licensee or ((store employee)) liquor 4 5 franchise holder or gain admission to a premises or portion of a premises classified by the board as off-limits to persons under twentyб 7 one years of age, shall be guilty of a misdemeanor punishable as 8 provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars shall be imposed and any sentence requiring community 9 10 restitution shall require not fewer than twenty-five hours of community restitution. 11

12 (2) Any person not entitled thereto who unlawfully procures or has 13 issued or transferred to him or her a card of identification, and any 14 person who possesses a card of identification not issued to him or her, and any person who makes any false statement on any certification card 15 required by RCW 66.20.190, to be signed by him or her, shall be guilty 16 17 of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars shall be imposed and any 18 sentence requiring community restitution shall require not fewer than 19 twenty-five hours of community restitution. 20

21 **Sec. 319.** RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each 22 amended to read as follows:

No licensee or the agent or employee of the licensee, or ((store employee)) <u>liquor franchise holder</u>, shall be prosecuted criminally or be sued in any civil action for serving liquor to a person under legal age to purchase liquor if such person has presented a card of identification in accordance with RCW 66.20.180, and has signed a certification card as provided in RCW 66.20.190.

Such card in the possession of a licensee may be offered as a defense in any hearing held by the board for serving liquor to the person who signed the card and may be considered by the board as evidence that the licensee acted in good faith.

33 **Sec. 320.** RCW 66.24.145 and 2010 c 290 s 2 are each amended to 34 read as follows:

(1) Any craft distillery may sell spirits of its own production for
 consumption off the premises, up to two liters per person per day.

1 ((Spirits sold under this subsection must be purchased from the board 2 and sold at the retail price established by the board.)) A craft 3 distillery selling spirits under this subsection must comply with the 4 applicable laws and rules relating to retailers.

(2) Any craft distillery may contract distill spirits for, and sell
contract distilled spirits to, holders of distillers' or manufacturers'
licenses, including licenses issued under RCW 66.24.520, or for export.

8 (3) Any craft distillery licensed under this section may provide, 9 free of charge, one-half ounce or less samples of spirits of its own 10 production to persons on the premises of the distillery. The maximum 11 total per person per day is two ounces. Every person who participates 12 in any manner in the service of samples must obtain a class 12 alcohol 13 server permit. ((Spirits used for samples must be purchased from the 14 board.))

15 (4) The board shall adopt rules to implement the alcohol server 16 permit requirement and may adopt additional rules to implement this 17 section.

18

(5) Distilling is an agricultural practice.

19 Sec. 321. RCW 66.24.360 and 2007 c 226 s 2 are each amended to 20 read as follows:

There shall be a beer and/or wine retailer's license to be designated as a grocery store license to sell beer, strong beer, and/or wine at retail in bottles, cans, and original containers, not to be consumed upon the premises where sold((, at any store other than the state liquor stores)).

(1) Licensees obtaining a written endorsement from the board may
also sell malt liquor in kegs or other containers capable of holding
less than five and one-half gallons of liquid.

(2) The annual fee for the grocery store license is one hundredfifty dollars for each store.

(3) The board shall issue a restricted grocery store license authorizing the licensee to sell beer and only table wine, if the board finds upon issuance or renewal of the license that the sale of strong beer or fortified wine would be against the public interest. In determining the public interest, the board shall consider at least the following factors: (a) The likelihood that the applicant will sell strong beer or
 fortified wine to persons who are intoxicated;

3 (b) Law enforcement problems in the vicinity of the applicant's 4 establishment that may arise from persons purchasing strong beer or 5 fortified wine at the establishment; and

6 (c) Whether the sale of strong beer or fortified wine would be 7 detrimental to or inconsistent with a government-operated or funded 8 alcohol treatment or detoxification program in the area.

9 If the board receives no evidence or objection that the sale of 10 strong beer or fortified wine would be against the public interest, it 11 shall issue or renew the license without restriction, as applicable. 12 The burden of establishing that the sale of strong beer or fortified 13 wine by the licensee would be against the public interest is on those 14 persons objecting.

15 (4) Licensees holding a grocery store license must maintain a 16 minimum three thousand dollar inventory of food products for human 17 consumption, not including pop, beer, strong beer, or wine.

(5) Upon approval by the board, the grocery store licensee may also
 receive an endorsement to permit the international export of beer,
 strong beer, and wine.

(a) Any beer, strong beer, or wine sold under this endorsement must
 have been purchased from a licensed beer or wine distributor licensed
 to do business within the state of Washington.

(b) Any beer, strong beer, and wine sold under this endorsement must be intended for consumption outside the state of Washington and the United States and appropriate records must be maintained by the licensee.

28 (c) ((A holder of this special endorsement to the grocery store 29 license shall be considered not in violation of RCW 66.28.010.

30 (d)) Any beer, strong beer, or wine sold under this license must 31 be sold at a price no less than the acquisition price paid by the 32 holder of the license.

33 ((<del>(e)</del>)) <u>(d)</u> The annual cost of this endorsement is five hundred 34 dollars and is in addition to the license fees paid by the licensee for 35 a grocery store license.

36 (6) A grocery store licensee holding a snack bar license under RCW
 37 66.24.350 may receive an endorsement to allow the sale of confections

containing more than one percent but not more than ten percent alcohol
 by weight to persons twenty-one years of age or older.

3 **Sec. 322.** RCW 66.24.371 and 2009 c 373 s 6 are each amended to 4 read as follows:

(1) There shall be a beer and/or wine retailer's license to be 5 б designated as a beer and/or wine specialty shop license to sell beer, 7 strong beer, and/or wine at retail in bottles, cans, and original 8 containers, not to be consumed upon the premises where sold((, at any 9 store other than the state liquor stores)). Licensees obtaining a written endorsement from the board may also sell malt liquor in keqs or 10 11 other containers capable of holding four gallons or more of liquid. The annual fee for the beer and/or wine specialty shop license is one 12 13 hundred dollars for each store. The sale of any container holding four gallons or more must comply with RCW 66.28.200 and 66.28.220. 14

(2) Licensees under this section may provide, free or for a charge, single-serving samples of two ounces or less to customers for the purpose of sales promotion. Sampling activities of licensees under this section are subject to RCW ((66.28.010 and)) 66.28.040 and the cost of sampling under this section may not be borne, directly or indirectly, by any manufacturer, importer, or distributor of liquor.

(3) The board shall issue a restricted beer and/or wine specialty shop license, authorizing the licensee to sell beer and only table wine, if the board finds upon issuance or renewal of the license that the sale of strong beer or fortified wine would be against the public interest. In determining the public interest, the board shall consider at least the following factors:

(a) The likelihood that the applicant will sell strong beer orfortified wine to persons who are intoxicated;

(b) Law enforcement problems in the vicinity of the applicant's establishment that may arise from persons purchasing strong beer or fortified wine at the establishment; and

32 (c) Whether the sale of strong beer or fortified wine would be 33 detrimental to or inconsistent with a government-operated or funded 34 alcohol treatment or detoxification program in the area.

If the board receives no evidence or objection that the sale of strong beer or fortified wine would be against the public interest, it shall issue or renew the license without restriction, as applicable. 1 The burden of establishing that the sale of strong beer or fortified 2 wine by the licensee would be against the public interest is on those 3 persons objecting.

4 (4) Licensees holding a beer and/or wine specialty shop license
5 must maintain a minimum three thousand dollar wholesale inventory of
6 beer, strong beer, and/or wine.

7 **Sec. 323.** RCW 66.24.380 and 2005 c 151 s 10 are each amended to 8 read as follows:

9 There shall be a retailer's license to be designated as a special 10 occasion license to be issued to a not-for-profit society or 11 organization to sell spirits, beer, and wine by the individual serving 12 for on-premises consumption at a specified event, such as at picnics or 13 other special occasions, at a specified date and place; fee sixty 14 dollars per day.

(1) The not-for-profit society or organization is limited to sales 15 16 of no more than twelve calendar days per year. For the purposes of 17 this subsection, special occasion licensees that are "agricultural area fairs or "agricultural county, district, and area fairs," as defined 18 by RCW 15.76.120, that receive a special occasion license may, once per 19 20 calendar year, count as one event fairs that last multiple days, so 21 long as alcohol sales are at set dates, times, and locations, and the board receives prior notification of the dates, times, and locations. 22 23 The special occasion license applicant will pay the sixty dollars per 24 day for this event.

(2) The licensee may sell beer and/or wine in original, unopened
 containers for off-premises consumption if permission is obtained from
 the board prior to the event.

(3) Sale, service, and consumption of spirits, beer, and wine is tobe confined to specified premises or designated areas only.

30 (4) Spirituous liquor sold under this special occasion license must
 31 be purchased at a ((state liquor store or contract liquor store without
 32 discount at retail prices, including all taxes)) liquor franchise.

33 (5) Any violation of this section is a class 1 civil infraction 34 having a maximum penalty of two hundred fifty dollars as provided for 35 in chapter 7.80 RCW. 1 Sec. 324. RCW 66.24.395 and 1997 c 321 s 25 are each amended to
2 read as follows:

3 (1)(a) There shall be a license that may be issued to corporations, 4 associations, or persons operating as federally licensed commercial 5 common passenger carriers engaged in interstate commerce, in or over territorial limits of the state of Washington on passenger trains, 6 7 vessels, or airplanes. Such license shall permit the sale of 8 spirituous liquor, wine, and beer at retail for passenger consumption within the state upon one such train passenger car, vessel, 9 or 10 airplane, while in or over the territorial limits of the state. Such license shall include the privilege of transporting into and storing 11 12 within the state such liquor for subsequent retail sale to passengers 13 in passenger train cars, vessels or airplanes. The fees for such master license shall be seven hundred fifty dollars per annum (class 14 15 CCI-1)((: PROVIDED, That)). However:

16 (i) Upon payment of an additional sum of five dollars per annum per 17 car, or vessel, or airplane, the privileges authorized by such license 18 classes shall extend to additional cars, or vessels, or airplanes 19 operated by the same licensee within the state, and a duplicate license 20 for each additional car, or vessel, or airplane shall be issued((÷ 21 PROVIDED, FURTHER, That));

(ii) Such licensee may make such sales and/or service upon cars, or vessels, or airplanes in emergency for not more than five consecutive days without such license((: AND PROVIDED, FURTHER, That)); and

25 (iii) Such license shall be valid only while such cars, or vessels, 26 or airplanes are actively operated as common carriers for hire in 27 interstate commerce and not while they are out of such common carrier 28 service.

29 (b) Alcoholic beverages sold and/or served for consumption by such 30 interstate common carriers while within or over the territorial limits of this state shall be subject to ((such board markup and)) the state 31 32 liquor taxes in an amount to approximate the revenue that would have been realized from ((such markup and)) the taxes had the alcoholic 33 beverages been purchased in Washington((+ PROVIDED, That the board's 34 35 markup shall be applied on spirituous liquor only)). Such common 36 carriers shall report such sales and/or service and pay ((such markup 37 and)) taxes in accordance with procedures prescribed by the board.

1 (2) Alcoholic beverages sold and delivered in this state to 2 interstate common carriers for use under the provisions of this section 3 shall be considered exported from the state, subject to the conditions 4 provided in subsection (1)(b) of this section. The storage facilities 5 for liquor within the state by common carriers licensed under this 6 section shall be subject to written approval by the board.

7 Sec. 325. RCW 66.24.400 and 2008 c 41 s 10 are each amended to 8 read as follows:

(1) There shall be a retailer's license, to be known and designated 9 as a spirits, beer, and wine restaurant license, to sell spirituous 10 11 liquor by the individual glass, beer, and wine, at retail, for 12 consumption on the premises, including mixed drinks and cocktails compounded or mixed on the premises only. A club licensed under 13 14 chapter 70.62 RCW with overnight sleeping accommodations, that is licensed under this section may sell liquor by the bottle to registered 15 16 guests of the club for consumption in guest rooms, hospitality rooms, 17 or at banquets in the club. A patron of a bona fide restaurant or club 18 licensed under this section may remove from the premises recorked or recapped in its original container any portion of wine which was 19 20 purchased for consumption with a meal, and registered guests who have 21 purchased liquor from the club by the bottle may remove from the 22 premises any unused portion of such liquor in its original container. 23 Such license may be issued only to bona fide restaurants and clubs, and to dining, club and buffet cars on passenger trains, and to dining 24 25 places on passenger boats and airplanes, and to dining places at civic 26 centers with facilities for sports, entertainment, and conventions, and 27 to such other establishments operated and maintained primarily for the benefit of tourists, vacationers and travelers as the board shall 28 29 determine are qualified to have, and in the discretion of the board 30 should have, a spirits, beer, and wine restaurant license under the provisions and limitations of this title. 31

32 (2) The board may issue an endorsement to the spirits, beer, and 33 wine restaurant license that allows the holder of a spirits, beer, and 34 wine restaurant license to sell bottled wine for off-premises 35 consumption. Spirits and beer may not be sold for off-premises 36 consumption under this section except as provided in subsection (4) of this section. The annual fee for the endorsement under this subsection
 is one hundred twenty dollars.

(3) The holder of a spirits, beer, and wine license or its manager 3 4 may furnish beer, wine, or spirituous liquor to the licensee's employees free of charge as may be required for use in connection with 5 instruction on beer, wine, or spirituous liquor. The instruction may б 7 include the history, nature, values, and characteristics of beer, wine, 8 or spirituous liquor, the use of wine lists, and the methods of presenting, serving, storing, and handling beer, wine, and spirituous 9 10 The spirits, beer, and wine restaurant licensee must use the liquor. beer, wine, or spirituous liquor it obtains under its license for the 11 12 sampling as part of the instruction. The instruction must be given on the premises of the spirits, beer, and wine restaurant licensee. 13

(4) The board may issue an endorsement to the spirits, beer, and wine restaurant license that allows the holder of a spirits, beer, and wine restaurant license to sell for off-premises consumption malt liquor in kegs or other containers that are capable of holding four gallons or more of liquid and are registered in accordance with RCW 66.28.200. The annual fee for the endorsement under this subsection is one hundred twenty dollars.

21 (5) The board may issue an endorsement to the spirits, beer, and 22 wine restaurant license that allows the holder of a spirits, beer, and 23 wine restaurant license or liquor franchise holder to purchase spirits, 24 beer, and wine from Washington state distributors or directly from out-25 of-state distillers, brewers, or wineries.

26 **Sec. 326.** RCW 66.24.540 and 1999 c 129 s 1 are each amended to 27 read as follows:

There shall be a retailer's license to be designated as a motel license. The motel license may be issued to a motel regardless of whether it holds any other class of license under this title. No license may be issued to a motel offering rooms to its guests on an hourly basis. The license authorizes the licensee to:

(1) Sell, at retail, in locked honor bars, spirits in individual bottles not to exceed fifty milliliters, beer in individual cans or bottles not to exceed twelve ounces, and wine in individual bottles not to exceed one hundred eighty-seven milliliters, to registered guests of the motel for consumption in guest rooms.

(a) Each honor bar must also contain snack foods. No more than
 one-half of the guest rooms may have honor bars.

3 (b) ((All spirits to be sold under the license must be purchased 4 from the board.

5 (c))) The licensee shall require proof of age from the guest 6 renting a guest room and requesting the use of an honor bar. The guest 7 shall also execute an affidavit verifying that no one under twenty-one 8 years of age shall have access to the spirits, beer, and wine in the 9 honor bar.

10 (2) Provide without additional charge, to overnight guests of the 11 motel, beer and wine by the individual serving for on-premises 12 consumption at a specified regular date, time, and place as may be 13 fixed by the board. Self-service by attendees is prohibited. All beer 14 and wine service must be done by an alcohol server as defined in RCW 15 66.20.300 and comply with RCW 66.20.310.

16 The annual fee for a motel license is five hundred dollars.

17 "Motel" as used in this section means a transient accommodation 18 licensed under chapter 70.62 RCW.

As used in this section, "spirits," "beer," and "wine" have the meanings defined in RCW 66.04.010.

21 **Sec. 327.** RCW 66.24.590 and 2008 c 41 s 11 are each amended to 22 read as follows:

(1) There shall be a retailer's license to be designated as a hotel
license. No license may be issued to a hotel offering rooms to its
guests on an hourly basis. Food service provided for room service,
banquets or conferences, or restaurant operation under this license
shall meet the requirements of rules adopted by the board.

28

(2) The hotel license authorizes the licensee to:

(a) Sell spiritous liquor, beer, and wine, by the individual glass,
at retail, for consumption on the premises, including mixed drinks and
cocktails compounded and mixed on the premises;

(b) Sell, at retail, from locked honor bars, in individual units, spirits not to exceed fifty milliliters, beer in individual units not to exceed twelve ounces, and wine in individual bottles not to exceed three hundred eighty-five milliliters, to registered guests of the hotel for consumption in guest rooms. The licensee shall require proof of age from the guest renting a guest room and requesting the use of an honor bar. The guest shall also execute an affidavit verifying that no
 one under twenty-one years of age shall have access to the spirits,
 beer, and wine in the honor bar;

4 (c) Provide without additional charge, to overnight guests,
5 spirits, beer, and wine by the individual serving for on-premises
6 consumption at a specified regular date, time, and place as may be
7 fixed by the board. Self-service by attendees is prohibited;

8 (d) Sell beer, including strong beer, wine, or spirits, in the 9 manufacturer's sealed container or by the individual drink to guests 10 through room service, or through service to occupants of private 11 residential units which are part of the buildings or complex of 12 buildings that include the hotel;

13 (e) Sell beer, including strong beer, or wine, in the 14 manufacturer's sealed container at retail sales locations within the 15 hotel premises;

(f) Sell for on or off-premises consumption, including through room service and service to occupants of private residential units managed by the hotel, wine carrying a label exclusive to the hotel license holder;

(g) Place in guest rooms at check-in, a complimentary bottle of beer, including strong beer, or wine in a manufacturer-sealed container, and make a reference to this service in promotional material.

(3) If all or any facilities for alcoholic beverage service and the preparation, cooking, and serving of food are operated under contract or joint venture agreement, the operator may hold a license separate from the license held by the operator of the hotel. Food and beverage inventory used in separate licensed operations at the hotel may not be shared and shall be separately owned and stored by the separate licensees.

31 (4) ((All spirits to be sold under this license must be purchased 32 from the board.

33 (5)) All on-premise alcoholic beverage service must be done by an 34 alcohol server as defined in RCW 66.20.300 and must comply with RCW 35 66.20.310.

36 ((<del>(6)</del>)) <u>(5)</u>(a) The hotel license allows the licensee to remove from 37 the liquor stocks at the licensed premises, liquor for sale and service 38 at event locations at a specified date and place not currently licensed by the board. If the event is open to the public, it must be sponsored by a society or organization as defined by RCW 66.24.375. If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be a society or organization as defined by RCW 66.24.375 is waived.

7 (b) The holder of this license shall, if requested by the board, 8 notify the board or its designee of the date, time, place, and location 9 of any event. Upon request, the licensee shall provide to the board 10 all necessary or requested information concerning the society or 11 organization that will be holding the function at which the endorsed 12 license will be utilized.

13

(c) Licensees may cater events on a domestic winery premises.

14 (((7))) (6) The holder of this license or its manager may furnish spirits, beer, or wine to the licensee's employees who are twenty-one 15 years of age or older free of charge as may be required for use in 16 17 connection with instruction on spirits, beer, and wine. The 18 the instruction may include history, nature, values, and characteristics of spirits, beer, or wine, the use of wine lists, and 19 20 the methods of presenting, serving, storing, and handling spirits, 21 beer, or wine. The licensee must use the beer or wine it obtains under 22 its license for the sampling as part of the instruction. The 23 instruction must be given on the premises of the licensee.

((<del>(8)</del>)) <u>(7)</u> Minors may be allowed in all areas of the hotel where alcohol may be consumed; however, the consumption must be incidental to the primary use of the area. These areas include, but are not limited to, tennis courts, hotel lobbies, and swimming pool areas. If an area is not a mixed use area, and is primarily used for alcohol service, the area must be designated and restricted to access by minors.

30 (((+9))) (8) The annual fee for this license is two thousand 31 dollars.

32 ((((10))) (9) As used in this section, "hotel," "spirits," "beer," 33 and "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

34 **Sec. 328.** RCW 66.28.060 and 2008 c 94 s 7 are each amended to read 35 as follows:

36 Every distillery licensed under this title shall make monthly

1 reports to the board pursuant to the regulations. ((No such distillery 2 shall make any sale of spirits within the state of Washington except to 3 the board and as provided in RCW 66.24.145.))

4 **Sec. 329.** RCW 66.32.010 and 1955 c 39 s 3 are each amended to read 5 as follows:

Except as permitted by the board, no liquor shall be kept or had by any person within this state unless the package in which the liquor was contained had, while containing that liquor, been sealed with the official seal adopted by the board, except in the case of:

10 (1) ((Liquor imported by the board; or

11 (2)) Liquor manufactured in the state for ((sale to the board or 12 for)) export; or

13 (((3))) <u>(2)</u> Beer, purchased in accordance with the provisions of 14 law; or

15 (((4))) <u>(3)</u> Wine or beer exempted in RCW 66.12.010.

16 **Sec. 330.** RCW 66.44.150 and 1955 c 289 s 5 are each amended to 17 read as follows:

If any person in this state buys alcoholic beverages from any person other than ((the board, a state liquor store, or)) some person authorized by the board to sell them, he <u>or she</u> shall be guilty of a misdemeanor.

22 **Sec. 331.** RCW 66.44.160 and 1955 c 289 s 6 are each amended to 23 read as follows:

Except as otherwise provided in this title, any person who has or keeps or transports alcoholic beverages other than those purchased from ((the board, a state liquor store,)) a liquor franchise or some person authorized by the board to sell them(( $_{\tau}$ )) shall be guilty of a violation of this title.

29 <u>NEW SECTION.</u> Sec. 332. The following acts or parts of acts are 30 each repealed:

(1) RCW 66.08.070 (Purchase of liquor by board--Consignment not prohibited--Warranty or affirmation not required for wine or malt purchases) and 2011 c ... s 203 (section 203 of this act), 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s. c 62 s 67; (2) RCW 66.08.160 (Acquisition of warehouse authorized) and 1947 c
 134 s 1;

3 (3) RCW 66.08.165 (Strategies to improve operational efficiency and
4 revenue) and 2005 c 231 s 1;

5 (4) RCW 66.08.166 (Sunday sales authorized--Store selection and 6 other requirements) and 2005 c 231 s 2;

7 (5) RCW 66.08.220 (Liquor revolving fund--Separate account--8 Distribution) and 2009 c 271 s 4, 2007 c 370 s 15, 1999 c 281 s 2, & 9 1949 c 5 s 11;

10 (6) RCW 66.08.235 (Liquor control board construction and 11 maintenance account) and 2005 c 151 s 4, 2002 c 371 s 918, & 1997 c 75 12 s 1;

13 (7) RCW 66.16.010 (Board may establish--Price standards--Prices in
14 special instances) and 2005 c 518 s 935, 2003 1st sp.s. c 25 s 928,
15 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;

16 (8) RCW 66.16.040 (Sales of liquor by employees--Identification 17 cards--Permit holders--Sales for cash--Exception) and 2005 c 206 s 1, 18 2005 c 151 s 5, 2005 c 102 s 1, 2004 c 61 s 1, 1996 c 291 s 1, 1995 c 19 16 s 1, 1981 1st ex.s. c 5 s 8, 1979 c 158 s 217, 1973 1st ex.s. c 209 20 s 3, 1971 ex.s. c 15 s 1, 1959 c 111 s 1, & 1933 ex.s. c 62 s 7;

(9) RCW 66.16.041 (Credit and debit card purchases--Rules--Provision, installation, maintenance of equipment by board--Consideration of offsetting liquor revolving fund balance reduction) and 2005 c 151 s 6, 2004 c 63 s 2, 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291 s 2;

26 (10) RCW 66.16.050 (Sale of beer and wine to person licensed to 27 sell) and 1933 ex.s. c 62 s 8;

(11) RCW 66.16.060 (Sealed packages may be required, exception) and
 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;

30 (12) RCW 66.16.070 (Liquor cannot be opened or consumed on store 31 premises) and 1933 ex.s. c 62 s 10;

32 (13) RCW 66.16.090 (Record of individual purchases confidential- 33 Penalty for disclosure) and 1933 ex.s. c 62 s 89;

34 (14) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 & 35 1987 c 386 s 5;

36 (15) RCW 66.16.120 (Employees working on Sabbath) and 2005 c 231 37 s 5; and 1 (16) RCW 66.28.180 (Price list--Contents--Contracts and memoranda 2 with distributors) and 2009 c 506 s 10, 2006 c 302 s 10, & 2005 c 274 3 s 327.

4

## PART IV - MISCELLANEOUS

5 <u>NEW SECTION.</u> Sec. 401. RCW 66.16.110 is recodified as a section 6 in chapter 66.08 RCW.

NEW SECTION. Sec. 402. (1) Sections 201 through 215 of this act
take effect August 1, 2011.

9 (2) Sections 301 through 332 of this act take effect July 1, 2013.

10 <u>NEW SECTION.</u> Sec. 403. The secretary of state shall submit this 11 act to the people for their adoption and ratification, or rejection, at 12 the next general election to be held in this state, in accordance with 13 Article II, section 1 of the state Constitution and the laws adopted to 14 facilitate its operation.

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