
HOUSE BILL 2490

State of Washington

63rd Legislature

2014 Regular Session

By Representative Kirby

Read first time 01/20/14. Referred to Committee on Government
Accountability & Oversight.

1 AN ACT Relating to license issuance fees imposed on former contract
2 liquor stores and former state liquor stores; and amending RCW
3 66.24.630.

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

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

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

16 (2) For the purposes of this title, a spirits retail license is a
17 retail license, and a sale by a spirits retailer is a retail sale only
18 if not for resale. Nothing in this title authorizes sales by on-sale

1 licensees to other retail licensees. The board must establish by rule
2 an obligation of on-sale spirits retailers to:

3 (a) Maintain a schedule by stock-keeping unit of all their
4 purchases of spirits from spirits retail licensees, indicating the
5 identity of the seller and the quantities purchased; and

6 (b) Provide, not more frequently than quarterly, a report for each
7 scheduled item containing the identity of the purchasing on-premise
8 licensee and the quantities of that scheduled item purchased since any
9 preceding report to:

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

12 (ii) A distiller acting as distributor of the scheduled item in the
13 area.

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

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

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

1 rights holders on the grounds of the size of the premises to be
2 licensed, if such applicant is otherwise qualified and the board
3 determines that:

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

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

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

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

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

19 (ii) To other registered facilities; or

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

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

34 (b) Those licensees who are either holders of former state liquor
35 store operating rights under RCW 66.24.620, or the owners of former
36 contract liquor stores, and are licensed under subsection (3)(c) of
37 this section, are subject to the following requirements regarding the
38 payment of license issuance fees:

1 (i) Licensees with monthly gross receipts of two hundred thousand
2 dollars or less shall not pay a license issuance fee based upon its
3 retail spirits sales revenues;

4 (ii) Licensees with monthly gross receipts of three hundred fifty
5 thousand dollars or less shall pay a license issuance fee of seven
6 percent of its retail spirit sales revenues; and

7 (ii) Licensees with monthly gross receipts of more than three
8 hundred fifty thousand dollars shall pay a license issuance fee of
9 seventeen percent of its retail spirits sales revenues.

10 (c) This subsection (4) does not apply to craft distilleries.

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

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

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

34 (8)(a) The board must promulgate regulations concerning the
35 adoption and administration of a compliance training program for
36 spirits retail licensees, to be known as a "responsible vendor
37 program," to reduce underage drinking, encourage licensees to adopt

1 specific best practices to prevent sales to minors, and provide
2 licensees with an incentive to give their employees ongoing training in
3 responsible alcohol sales and service.

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

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

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

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

- 16 (i) Provide ongoing training to employees;
- 17 (ii) Accept only certain forms of identification for alcohol sales;
- 18 (iii) Adopt policies on alcohol sales and checking identification;
- 19 (iv) Post specific signs in the business; and
- 20 (v) Keep records verifying compliance with the program's
21 requirements.

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