
SENATE BILL 5173

State of Washington 54th Legislature 1995 Regular Session

By Senators Pelz and Newhouse; by request of Liquor Control Board

Read first time 01/13/95. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to improvements to the licensing sections of the
2 Washington state liquor act; and amending RCW 66.24.010, 66.24.025,
3 66.24.210, 66.24.290, 66.24.300, 66.24.320, 66.24.330, and 66.24.490.

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

5 **Sec. 1.** RCW 66.24.010 and 1988 c 200 s 1 are each amended to read
6 as follows:

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

9 (2) For the purpose of considering any application for a license,
10 the board may cause an inspection of the premises to be made, and may
11 inquire into all matters in connection with the construction and
12 operation of the premises. For the purpose of reviewing any
13 application for a license and for considering the denial, suspension or
14 revocation of any license, the liquor control board may consider any
15 prior criminal conduct of the applicant and the provisions of RCW
16 9.95.240 and of chapter 9.96A RCW shall not apply to such cases. The
17 board may, in its discretion, grant or refuse the license applied for.
18 Authority to approve an uncontested or unopposed license may be granted
19 by the board to any staff member the board designates in writing.

1 Conditions for granting such authority shall be adopted by rule. No
2 retail license of any kind may be issued to:

3 (a) A person who has not resided in the state for at least one
4 month prior to making application, except in cases of licenses issued
5 to dining places on railroads, boats, or aircraft;

6 (b) A copartnership, unless all of the members thereof are
7 qualified to obtain a license, as provided in this section;

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

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

14 (3) The board may, in its discretion, subject to the provisions of
15 RCW 66.08.150, suspend or cancel any license; and all rights of the
16 licensee to keep or sell liquor thereunder shall be suspended or
17 terminated, as the case may be. The board may request the appointment
18 of administrative law judges under chapter 34.12 RCW who shall have
19 power to administer oaths, issue subpoenas for the attendance of
20 witnesses and the production of papers, books, accounts, documents, and
21 testimony, examine witnesses, and to receive testimony in any inquiry,
22 investigation, hearing, or proceeding in any part of the state, under
23 such rules and regulations as the board may adopt.

24 Witnesses shall be allowed fees and mileage each way to and from
25 any such inquiry, investigation, hearing, or proceeding at the rate
26 authorized by RCW 34.05.446, as now or hereafter amended. Fees need
27 not be paid in advance of appearance of witnesses to testify or to
28 produce books, records, or other legal evidence.

29 In case of disobedience of any person to comply with the order of
30 the board or a subpoena issued by the board, or any of its members, or
31 administrative law judges, or on the refusal of a witness to testify to
32 any matter regarding which he or she may be lawfully interrogated, the
33 judge of the superior court of the county in which the person resides,
34 on application of any member of the board or administrative law judge,
35 shall compel obedience by contempt proceedings, as in the case of
36 disobedience of the requirements of a subpoena issued from said court
37 or a refusal to testify therein.

38 (4) Upon receipt of notice of the suspension or cancellation of a
39 license, the licensee shall forthwith deliver up the license to the

1 board. Where the license has been suspended only, the board shall
2 return the license to the licensee at the expiration or termination of
3 the period of suspension. The board shall notify all vendors in the
4 city or place where the licensee has its premises of the suspension or
5 cancellation of the license; and no employee may allow or cause any
6 liquor to be delivered to or for any person at the premises of that
7 licensee.

8 (5)(a) At the time of the original issuance of a class H license,
9 the board shall prorate the license fee charged to the new licensee
10 according to the number of calendar quarters, or portion thereof,
11 remaining until the first renewal of that license is required.

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

21 (6) Every license issued under this section shall be subject to all
22 conditions and restrictions imposed by this title or by the regulations
23 in force from time to time. All conditions and restrictions imposed by
24 the board in the issuance of an individual license shall be listed on
25 the face of the individual license along with the trade name, address,
26 and expiration date.

27 (7) Every licensee shall post and keep posted its license, or
28 licenses, in a conspicuous place on the premises.

29 (8) Before the board shall issue a license to an applicant it shall
30 give notice of such application to the chief executive officer of the
31 incorporated city or town, if the application be for a license within
32 an incorporated city or town, or to the county legislative authority,
33 if the application be for a license outside the boundaries of
34 incorporated cities or towns; and such incorporated city or town,
35 through the official or employee selected by it, or the county
36 legislative authority or the official or employee selected by it, shall
37 have the right to file with the board within twenty days after date of
38 transmittal of such notice, written objections against the applicant or
39 against the premises for which the license is asked, and shall include

1 with such objections a statement of all facts upon which such
2 objections are based, and in case written objections are filed, may
3 request and the liquor control board may in its discretion hold a
4 formal hearing subject to the applicable provisions of Title 34 RCW(~~7~~
5 ~~as now or hereafter amended~~). Upon the granting of a license under
6 this title the board shall send a duplicate of the license or written
7 notification to the chief executive officer of the incorporated city or
8 town in which the license is granted, or to the county legislative
9 authority if the license is granted outside the boundaries of
10 incorporated cities or towns.

11 (9) Before the board issues any license to any applicant, it shall
12 give (a) due consideration to the location of the business to be
13 conducted under such license with respect to the proximity of churches,
14 schools, and public institutions and (b) written notice by certified
15 mail of the application to churches, schools, and public institutions
16 within five hundred feet of the premises to be licensed. The board
17 shall issue no beer retailer license class A, B, D, or E or wine
18 retailer license class C or F or class H license covering any premises
19 not now licensed, if such premises are within five hundred feet of the
20 premises of any tax-supported public elementary or secondary school
21 measured along the most direct route over or across established public
22 walks, streets, or other public passageway from the outer property line
23 of the school grounds to the nearest public entrance of the premises
24 proposed for license, and if, after receipt by the school or public
25 institution of the notice as provided in this subsection, the board
26 receives written notice, within twenty days after posting such notice,
27 from an official representative or representatives of the school within
28 five hundred feet of said proposed licensed premises, indicating to the
29 board that there is an objection to the issuance of such license
30 because of proximity to a school. For the purpose of this section,
31 church shall mean a building erected for and used exclusively for
32 religious worship and schooling or other activity in connection
33 therewith. No liquor license may be issued or reissued by the board to
34 any motor sports facility or licensee operating within the motor sports
35 facility unless the motor sports facility enforces a program reasonably
36 calculated to prevent alcohol or alcoholic beverages not purchased
37 within the facility from entering the facility and such program is
38 approved by local law enforcement agencies. It is the intent under
39 this subsection that a retail license shall not be issued by the board

1 where doing so would, in the judgment of the board, adversely affect a
2 private school meeting the requirements for private schools under Title
3 28A RCW, which school is within five hundred feet of the proposed
4 licensee. The board shall fully consider and give substantial weight
5 to objections filed by private schools. If a license is issued despite
6 the proximity of a private school, the board shall state in a letter
7 addressed to the private school the board's reasons for issuing the
8 license.

9 (10) The restrictions set forth in ~~((the preceding))~~ subsection (9)
10 of this section shall not prohibit the board from authorizing the
11 ~~((transfer))~~ assumption of existing licenses now located within the
12 restricted area ~~((to))~~ by other persons or ~~((locations))~~ licenses or
13 relocations of existing licensed premises within the restricted area ~~((:~~
14 ~~PROVIDED, — Such transfer shall))~~. In no case ~~((result in~~
15 ~~establishing))~~ may the licensed premises be moved closer to a church or
16 school than it was before the ~~((transfer))~~ assumption or relocation.

17 (11) Nothing in this section prohibits the board, in its
18 discretion, from issuing a temporary retail or wholesaler license to
19 ~~((a transferee of a))~~ an applicant assuming an existing retail or
20 wholesaler license to continue the operation of the retail or
21 wholesaler premises during the period ~~((a transfer))~~ the application
22 for the license ~~((from person to person at the same premises))~~ is
23 pending and when the following conditions exist:

24 (a) The licensed premises has been operated under a retail or
25 wholesaler license within ninety days of the date of filing the
26 application for a temporary license;

27 (b) The retail or wholesaler license for the premises has been
28 surrendered pursuant to issuance of a temporary operating license;

29 (c) The applicant for the temporary license has filed with the
30 board an application ~~((for transfer of))~~ to assume the retail or
31 wholesaler license at such premises to himself or herself; and

32 (d) The application for a temporary license is accompanied by a
33 temporary license fee established by the board by rule.

34 A temporary license issued by the board under this section shall be
35 for a period not to exceed sixty days. A temporary license may be
36 extended at the discretion of the board for an additional sixty-day
37 period upon payment of an additional fee and upon compliance with all
38 conditions required in this section.

1 Refusal by the board to issue or extend a temporary license shall
2 not entitle the applicant to request a hearing. A temporary license
3 may be canceled or suspended summarily at any time if the board
4 determines that good cause for cancellation or suspension exists. RCW
5 66.08.130 and chapter 34.05 RCW shall apply to temporary licenses.

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

10 **Sec. 2.** RCW 66.24.025 and 1981 1st ex.s. c 5 s 11 are each amended
11 to read as follows:

12 ~~(1) ((The holder of one or more licenses may assign and transfer~~
13 ~~the same to any qualified person under such rules and regulations as~~
14 ~~the board may prescribe: PROVIDED, HOWEVER, That no such assignment~~
15 ~~and transfer shall be made which will result in both a change of~~
16 ~~licensee and change of location; the fee for such assignment and~~
17 ~~transfer shall be seventy five dollars: PROVIDED, FURTHER, That no fee~~
18 ~~will be charged for transfer))~~ If the board approves, a license may be
19 transferred, without charge, to the surviving spouse only of a deceased
20 licensee if the parties were maintaining a marital community and the
21 license was issued in the names of one or both of the parties.

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

28 **Sec. 3.** RCW 66.24.210 and 1994 1st sp.s. c 7 s 901 are each
29 amended to read as follows:

30 (1) There is hereby imposed upon all wines sold to wine wholesalers
31 and the Washington state liquor control board, within the state a tax
32 at the rate of twenty and one-fourth cents per liter: PROVIDED,
33 HOWEVER, That wine sold or shipped in bulk from one winery to another
34 winery shall not be subject to such tax. The tax provided for in this
35 section ~~((may, if so prescribed by the board,))~~ shall be collected ~~((by~~
36 ~~means of stamps to be furnished by the board, or))~~ by direct payments
37 based on wine purchased by wine wholesalers. Every person purchasing

1 wine under the provisions of this section shall on or before the
2 twentieth day of each month report to the board all purchases during
3 the preceding calendar month in such manner and upon such forms as may
4 be prescribed by the board, and with such report shall pay the tax due
5 from the purchases covered by such report unless the same has
6 previously been paid. Any such purchaser of wine whose applicable tax
7 payment is not postmarked by the twentieth day following the month of
8 purchase will be assessed a penalty at the rate of two percent a month
9 or fraction thereof. (~~If this tax be collected by means of stamps,~~
10 ~~every such person shall procure from the board revenue stamps~~
11 ~~representing the tax in such form as the board shall prescribe and~~
12 ~~shall affix the same to the package or container in such manner and in~~
13 ~~such denomination as required by the board and shall cancel the same~~
14 ~~prior to the delivery of the package or container containing the wine~~
15 ~~to the purchaser. If the tax is not collected by means of stamps,))
16 The board may require that every such person shall execute to and file
17 with the board a bond to be approved by the board, in such amount as
18 the board may fix, securing the payment of the tax. If any such person
19 fails to pay the tax when due, the board may forthwith suspend or
20 cancel the license until all taxes are paid.~~

21 (2) An additional tax is imposed equal to the rate specified in RCW
22 82.02.030 multiplied by the tax payable under subsection (1) of this
23 section. All revenues collected during any month from this additional
24 tax shall be transferred to the state general fund by the twenty-fifth
25 day of the following month.

26 (3) An additional tax is imposed on wines subject to tax under
27 subsection (1) of this section, at the rate of one-fourth of one cent
28 per liter for wine sold after June 30, 1987. Such additional tax shall
29 cease to be imposed on July 1, 2001. All revenues collected under this
30 subsection (3) shall be disbursed quarterly to the Washington wine
31 commission for use in carrying out the purposes of chapter 15.88 RCW.

32 (4) An additional tax is imposed on all wine subject to tax under
33 subsection (1) of this section. The additional tax is equal to twenty-
34 three and forty-four one-hundredths cents per liter on fortified wine
35 as defined in RCW 66.04.010(34) when bottled or packaged by the
36 manufacturer and one cent per liter on all other wine. All revenues
37 collected during any month from this additional tax shall be deposited
38 in the violence reduction and drug enforcement account under RCW
39 69.50.520 by the twenty-fifth day of the following month.

1 **Sec. 4.** RCW 66.24.290 and 1994 1st sp.s. c 7 s 902 are each
2 amended to read as follows:

3 (1) Any brewer or beer wholesaler licensed under this title may
4 sell and deliver beer to holders of authorized licenses direct, but to
5 no other person, other than the board; and every such brewer or beer
6 wholesaler shall report all sales to the board monthly, pursuant to the
7 regulations, and shall pay to the board as an added tax for the
8 privilege of manufacturing and selling the beer within the state a tax
9 of two dollars and sixty cents per barrel of thirty-one gallons on
10 sales to licensees within the state and on sales to licensees within
11 the state of bottled and canned beer shall pay a tax computed in
12 gallons at the rate of two dollars and sixty cents per barrel of
13 thirty-one gallons. Any brewer or beer wholesaler whose applicable tax
14 payment is not postmarked by the twentieth day following the month of
15 sale will be assessed a penalty at the rate of two percent per month or
16 fraction thereof. (~~Each such brewer or wholesaler shall procure from
17 the board revenue stamps representing such tax in form prescribed by
18 the board and shall affix the same to the barrel or package in such
19 manner and in such denominations as required by the board, and shall
20 cancel the same prior to commencing delivery from his or her place of
21 business or warehouse of such barrels or packages.~~) Beer shall be
22 sold by brewers and wholesalers in sealed barrels or packages. (~~The
23 revenue stamps provided under this section need not be affixed and
24 canceled in the making of resales of barrels or packages already taxed
25 by the affixation and cancellation of stamps as provided in this
26 section.~~)

27 (2) An additional tax is imposed equal to seven percent multiplied
28 by the tax payable under subsection (1) of this section. All revenues
29 collected during any month from this additional tax shall be
30 transferred to the state general fund by the twenty-fifth day of the
31 following month.

32 (3) An additional tax is imposed on all beer subject to tax under
33 subsection (1) of this section. The additional tax is equal to two
34 dollars per barrel of thirty-one gallons. All revenues collected
35 during any month from this additional tax shall be deposited in the
36 violence reduction and drug enforcement account under RCW 69.50.520 by
37 the twenty-fifth day of the following month.

38 (4)(a) An additional tax is imposed on all beer subject to tax
39 under subsection (1) of this section. The additional tax is equal to

1 ninety-six cents per barrel of thirty-one gallons through June 30,
2 1995, two dollars and thirty-nine cents per barrel of thirty-one
3 gallons for the period July 1, 1995, through June 30, 1997, and four
4 dollars and seventy-eight cents per barrel of thirty-one gallons
5 thereafter.

6 (b) The additional tax imposed under this subsection does not apply
7 to the sale of the first sixty thousand barrels of beer each year by
8 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
9 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
10 be provided by the board by rule consistent with the purposes of this
11 exemption.

12 (c) All revenues collected from the additional tax imposed under
13 this subsection (4) shall be deposited in the health services account
14 under RCW 43.72.900.

15 (5) The tax imposed under this section shall not apply to "strong
16 beer" as defined in this title.

17 **Sec. 5.** RCW 66.24.300 and 1951 c 93 s 1 are each amended to read
18 as follows:

19 (1) The board may make refunds for all (~~stamp~~) taxes paid on beer
20 exported from the state for use outside the state(~~(, and also for tax~~
21 ~~stamps destroyed prior to the consummation of any sale of beer within~~
22 ~~the state, or for unused stamps returned to the board))).~~

23 (2) The board (~~may waive the use of revenue stamps in the~~
24 ~~collection of the tax on beer. If the tax is not collected by means of~~
25 ~~stamps, the board may~~) shall require filing with the board of a bond
26 to be approved by it, in such amount as the board may fix, securing the
27 payment of the tax. If any licensee fails to pay the tax when due, the
28 board may forthwith suspend or cancel his license until all taxes are
29 paid.

30 **Sec. 6.** RCW 66.24.320 and 1991 c 42 s 1 are each amended to read
31 as follows:

32 There shall be a beer retailer's license to be designated as a
33 class A license to sell beer at retail, for consumption on the premises
34 and to sell beer for consumption off the premises(~~(:—PROVIDED,~~
35 ~~HOWEVER, That))). Beer sold for consumption off the premises must be in
36 original sealed packages of the manufacturer or bottler of not less
37 than (~~seven and three fourths~~) four gallons(~~(:—AND PROVIDED FURTHER,~~~~

1 ~~That~~)). Beer may be sold to a purchaser in a sanitary container
2 brought to the premises by the purchaser and filled at the tap by the
3 retailer at the time of sale(~~(+)~~). Such licenses (~~(+)~~) may be issued
4 only to hotels, restaurants, drug stores or soda fountains, dining
5 places on boats and airplanes, to clubs, and at sports arenas or race
6 tracks during recognized professional athletic events. The annual fee
7 for said license, if issued in cities and towns, shall be graduated
8 according to the population thereof as follows:

9	Cities and towns	Fee
10	Less than 20,000	\$ 205
11	20,000 or over	\$ 355

12 The annual fee for such license, if issued outside of cities and
13 towns, shall be two hundred five dollars(~~(+—PROVIDED, HOWEVER, That)~~).
14 The annual license fee for such license, if issued to dining places on
15 vessels not exceeding one thousand gross tons, plying on inland waters
16 of the state of Washington on regular schedules, shall be two hundred
17 five dollars.

18 **Sec. 7.** RCW 66.24.330 and 1991 c 42 s 2 are each amended to read
19 as follows:

20 There shall be a beer retailer's license to be designated as a
21 class B license to sell beer at retail, for consumption on the premises
22 and to sell beer for consumption off the premises(~~(+—PROVIDED,~~
23 ~~HOWEVER, That)~~). Beer sold for consumption off the premises must be in
24 original sealed packages of the manufacturer or bottler of not less
25 than (~~(seven and three-fourths)~~) four gallons(~~(+—AND PROVIDED FURTHER,~~
26 ~~That)~~). Beer may be sold to a purchaser in a sanitary container
27 brought to the premises by the purchaser and filled at the tap by the
28 retailer at the time of sale(~~(+)~~). Such licenses (~~(+)~~) may be issued
29 only to a person operating a tavern. The annual fee for said license,
30 if issued in cities and towns, shall be graduated according to the
31 population thereof as follows:

32	Cities and towns	Fee
33	Less than 20,000	\$ 205
34	20,000 or over	\$ 355

35 The annual fee for such license, if issued outside of cities and
36 towns, shall be two hundred five dollars.

1 **Sec. 8.** RCW 66.24.490 and 1994 c 201 s 3 are each amended to read
2 as follows:

3 (1) There shall be a retailer's license to be designated as a class
4 I caterer's license; this shall be a special occasion license to be
5 issued to the holder of a class A, C, D, or public H license to extend
6 the privilege of selling and serving liquor as authorized under such a
7 license at retail, for consumption on the premises, to members and
8 guests of a society or organization on special occasions at a specified
9 date and place when such special occasions of such groups are held on
10 premises other than the licensed premises and for consumption on the
11 premises of such outside location. The holder of such special occasion
12 license shall be allowed to remove from the liquor stocks at the
13 licensed premises, and allow liquor for sale and service at such
14 special occasion locations. (~~Upon payment of a fee of twenty five~~
15 ~~dollars per day or, upon proper application to the liquor control~~
16 ~~board,~~) An annual class I license may be issued to the holder of a
17 class A, C, D, or public H license upon proper application to the board
18 and payment of a fee of three hundred fifty dollars.

19 (2) The holder of a class I license shall, if requested by the
20 board, notify the board or its designee of the date, time, place, and
21 location of any catered event. Upon request the class I licensee shall
22 provide to the board all necessary or requested information concerning
23 the society or organization which will be holding the function at which
24 the class I license will be utilized.

25 (3) If attendance at the function will be open to the general
26 public, the society or organization sponsoring the function shall be
27 within the definition of "society or organization" in RCW 66.24.375.
28 If attendance at the function will be limited to members and invited
29 guests of the sponsoring society or organization, then the requirement
30 that the society or organization be within the definition of RCW
31 66.24.375 is waived.

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