

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1060

Chapter 232, Laws of 1995

(partial veto)

54th Legislature
1995 Regular Session

LIQUOR LICENSING--REVISIONS

EFFECTIVE DATE: 7/23/95

Passed by the House April 19, 1995
Yeas 93 Nays 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Passed by the Senate April 12, 1995
Yeas 47 Nays 0

JOEL PRITCHARD

President of the Senate

Approved May 5, 1995, with the
exception of section 8, which is
vetoed.

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of
the House of Representatives of the
State of Washington, do hereby certify
that the attached is **HOUSE BILL 1060**
as passed by the House of
Representatives and the Senate on the
dates hereon set forth.

TIMOTHY A. MARTIN

Chief Clerk

FILED

May 5, 1995 - 10:02 a.m.

**Secretary of State
State of Washington**

HOUSE BILL 1060

AS AMENDED BY THE SENATE

Passed Legislature - 1995 Regular Session

State of Washington 54th Legislature 1995 Regular Session

By Representatives Lisk and Sheldon; by request of Liquor Control Board

Read first time 01/10/95. Referred to Committee on Commerce & Labor.

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, 66.24.420,
4 66.24.490, and 66.28.180.

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

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

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

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

1 by the board to any staff member the board designates in writing.
2 Conditions for granting such authority shall be adopted by rule. No
3 retail license of any kind may be issued to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 approved by local law enforcement agencies. It is the intent under
2 this subsection that a retail license shall not be issued by the board
3 where doing so would, in the judgment of the board, adversely affect a
4 private school meeting the requirements for private schools under Title
5 28A RCW, which school is within five hundred feet of the proposed
6 licensee. The board shall fully consider and give substantial weight
7 to objections filed by private schools. If a license is issued despite
8 the proximity of a private school, the board shall state in a letter
9 addressed to the private school the board's reasons for issuing the
10 license.

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

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

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

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

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

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

36 A temporary license issued by the board under this section shall be
37 for a period not to exceed sixty days. A temporary license may be
38 extended at the discretion of the board for an additional sixty-day

1 period upon payment of an additional fee and upon compliance with all
2 conditions required in this section.

3 Refusal by the board to issue or extend a temporary license shall
4 not entitle the applicant to request a hearing. A temporary license
5 may be canceled or suspended summarily at any time if the board
6 determines that good cause for cancellation or suspension exists. RCW
7 66.08.130 and chapter 34.05 RCW shall apply to temporary licenses.

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

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

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

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

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

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

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

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

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

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

1 in the violence reduction and drug enforcement account under RCW
2 69.50.520 by the twenty-fifth day of the following month.

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

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

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

34 (3) An additional tax is imposed on all beer subject to tax under
35 subsection (1) of this section. The additional tax is equal to two
36 dollars per barrel of thirty-one gallons. All revenues collected
37 during any month from this additional tax shall be deposited in the

1 violence reduction and drug enforcement account under RCW 69.50.520 by
2 the twenty-fifth day of the following month.

3 (4)(a) An additional tax is imposed on all beer subject to tax
4 under subsection (1) of this section. The additional tax is equal to
5 ninety-six cents per barrel of thirty-one gallons through June 30,
6 1995, two dollars and thirty-nine cents per barrel of thirty-one
7 gallons for the period July 1, 1995, through June 30, 1997, and four
8 dollars and seventy-eight cents per barrel of thirty-one gallons
9 thereafter.

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

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

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

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

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

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

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

36 There shall be a beer retailer's license to be designated as a
37 class A license to sell beer at retail, for consumption on the premises

1 and to sell beer for consumption off the premises(~~(:—PROVIDED,~~
2 ~~HOWEVER, That)~~). Beer sold for consumption off the premises must be in
3 original sealed packages of the manufacturer or bottler of not less
4 than (~~(seven and three fourths)~~) four gallons(~~(:—AND PROVIDED FURTHER,~~
5 ~~That)~~). Beer may be sold to a purchaser in a sanitary container
6 brought to the premises by the purchaser and filled at the tap by the
7 retailer at the time of sale(~~(+)~~). Such licenses (~~(to)~~) may be issued
8 only to hotels, restaurants, drug stores or soda fountains, dining
9 places on boats and airplanes, to clubs, and at sports arenas or race
10 tracks during recognized professional athletic events. The annual fee
11 for said license, if issued in cities and towns, shall be graduated
12 according to the population thereof as follows:

13	Cities and towns	Fee
14	Less than 20,000	\$ 205
15	20,000 or over	\$ 355

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

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

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

1	Cities and towns	Fee
2	Less than 20,000	\$ 205
3	20,000 or over	\$ 355

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

6 **Sec. 8. RCW 66.24.420 and 1981 1st ex.s. c 5 s 45 are each*
7 *amended to read as follows:*

8 *(1) The class H license shall be issued in accordance with the*
9 *following schedule of annual fees:*

10 *(a) The annual fee for said license, if issued to a club, whether*
11 *inside or outside of incorporated cities and towns, shall be seven*
12 *hundred dollars.*

13 *(b) The annual fee for said license, if issued to any other class*
14 *H licensee in incorporated cities and towns, shall be graduated*
15 *according to the population thereof as follows:*

16	<i>Incorporated</i>	
17	<i>Cities and towns</i>	<i>Fees</i>
18	<i>Less than 20,000</i>	<i>\$1,200</i>
19	<i>20,000 or over</i>	<i>\$2,000</i>

20 *(c) The annual fee for said license when issued to any other class*
21 *H licensee outside of incorporated cities and towns shall be: Two*
22 *thousand dollars; this fee shall be prorated according to the calendar*
23 *quarters, or portion thereof, during which the licensee is open for*
24 *business, except in case of suspension or revocation of the license.*

25 *(d) Where the license shall be issued to any corporation,*
26 *association or person operating a bona fide restaurant in an airport*
27 *terminal facility providing service to transient passengers with more*
28 *than one place where liquor is to be dispensed and sold, such license*
29 *shall be issued upon the payment of the annual fee, which shall be a*
30 *master license and shall permit such sale within and from one such*
31 *place. Such license may be extended to additional places on the*
32 *premises at the discretion of the board and a duplicate license may be*
33 *issued for each such additional place: PROVIDED, That the holder of a*
34 *master license for a restaurant in an airport terminal facility shall*
35 *be required to maintain in a substantial manner at least one place on*
36 *the premises for preparing, cooking and serving of complete meals, and*
37 *such food service shall be available on request in other licensed*

1 places on the premises: PROVIDED, FURTHER, That an additional license
2 fee of twenty-five percent of the annual master license fee shall be
3 required for such duplicate licenses.

4 (e) Where the license shall be issued to any corporation,
5 association, or person operating dining places at publicly owned civic
6 centers with facilities for sports, entertainment, and conventions,
7 with more than one place where liquor is to be dispensed and sold, such
8 license shall be issued upon the payment of the annual fee, which shall
9 be a master license and shall permit such sale within and from one such
10 place. Such license may be extended to additional places on the
11 premises at the discretion of the board and a duplicate license may be
12 issued for each such additional place: PROVIDED, That the holder of a
13 master license for a dining place at such a publicly owned civic center
14 shall be required to maintain in a substantial manner at least one
15 place on the premises for preparing, cooking and serving of complete
16 meals, and food service shall be available on request in other licensed
17 places on the premises: PROVIDED FURTHER, That an additional license
18 fee of ten dollars shall be required for such duplicate licenses.

19 (f) Where the license shall be issued to any corporation,
20 association or person operating more than one building containing
21 dining places at privately owned facilities which are open to the
22 public and where there is a continuity of ownership of all adjacent
23 property, such license shall be issued upon the payment of an annual
24 fee which shall be a master license and shall permit such sale within
25 and from one such place. Such license may be extended to the
26 additional dining places on the property or, in the case of a class H
27 licensed hotel, property owned or controlled by leasehold interest by
28 that hotel for use as a conference or convention center or banquet
29 facility open to the general public for special events in the same
30 metropolitan area, at the discretion of the board and a duplicate
31 license may be issued for each additional place: PROVIDED, That the
32 holder of the master license for the dining place shall not offer
33 alcoholic beverages for sale, service, and consumption at the
34 additional place unless food service is available at both the location
35 of the master license and the duplicate license: PROVIDED FURTHER,
36 That an additional license fee of twenty dollars shall be required for
37 such duplicate licenses.

38 (2) The board, so far as in its judgment is reasonably possible,
39 shall confine class H licenses to the business districts of cities and

1 towns and other communities, and not grant such licenses in residential
2 districts, nor within the immediate vicinity of schools, without being
3 limited in the administration of this subsection to any specific
4 distance requirements.

5 (3) The board shall have discretion to issue class H licenses
6 outside of cities and towns in the state of Washington. The purpose of
7 this subsection is to enable the board, in its discretion, to license
8 in areas outside of cities and towns and other communities,
9 establishments which are operated and maintained primarily for the
10 benefit of tourists, vacationers and travelers, and also golf and
11 country clubs, and common carriers operating dining, club and buffet
12 cars, or boats.

13 (4) The total number of class H licenses issued in the state of
14 Washington by the board, not including those class H licenses issued to
15 clubs, shall not in the aggregate at any time exceed one license for
16 each fifteen hundred of population in the state, determined according
17 to the yearly population determination developed by the office of
18 financial management pursuant to RCW 43.62.030.

19 (5) Notwithstanding the provisions of subsection (4) of this
20 section, the board shall refuse a class H license to any applicant if
21 in the opinion of the board the class H licenses already granted for
22 the particular locality are adequate for the reasonable needs of the
23 community.

24 *Sec. 8 was vetoed. See message at end of chapter.

25 **Sec. 9.** RCW 66.24.490 and 1994 c 201 s 3 are each amended to read
26 as follows:

27 (1) There shall be a retailer's license to be designated as a class
28 I caterer's license; this shall be a special occasion license to be
29 issued to the holder of a class A, C, D, or public H license to extend
30 the privilege of selling and serving liquor as authorized under such a
31 license at retail, for consumption on the premises, to members and
32 guests of a society or organization on special occasions at a specified
33 date and place when such special occasions of such groups are held on
34 premises other than the licensed premises and for consumption on the
35 premises of such outside location. The holder of such special occasion
36 license shall be allowed to remove from the liquor stocks at the
37 licensed premises, and allow liquor for sale and service at such
38 special occasion locations. (~~Upon payment of a fee of twenty-five~~

1 ~~dollars per day or, upon proper application to the liquor control~~
2 ~~board,))~~ An annual class I license may be issued to the holder of a
3 class A, C, D, or public H license upon proper application to the board
4 and payment of a fee of three hundred fifty dollars.

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

11 (3) If attendance at the function will be open to the general
12 public, the society or organization sponsoring the function shall be
13 within the definition of "society or organization" in RCW 66.24.375.
14 If attendance at the function will be limited to members and invited
15 guests of the sponsoring society or organization, then the requirement
16 that the society or organization be within the definition of RCW
17 66.24.375 is waived.

18 **Sec. 10.** RCW 66.28.180 and 1985 c 226 s 4 are each amended to read
19 as follows:

20 It is unlawful for a person, firm, or corporation holding a
21 certificate of approval issued under RCW 66.24.270 or 66.24.206, a beer
22 wholesaler's license, a brewer's license, a beer importer's license, a
23 domestic winery license, a wine importer's license, or a wine
24 wholesaler's license within the state of Washington to modify any
25 prices without prior notification to and approval of the board.

26 (1) Intent. This section is enacted, pursuant to the authority of
27 this state under the twenty-first amendment to the United States
28 Constitution, to promote the public's interest in fostering the orderly
29 and responsible distribution of malt beverages and wine towards
30 effective control of consumption; to promote the fair and efficient
31 three-tier system of distribution of such beverages; and to confirm
32 existing board rules as the clear expression of state policy to
33 regulate the manner of selling and pricing of wine and malt beverages
34 by licensed suppliers and wholesalers.

35 (2) Beer and wine wholesale price posting. (a) Every beer or wine
36 wholesaler shall file with the board at its office in Olympia a price
37 posting showing the wholesale prices at which any and all brands of

1 beer and wine sold by such beer and/or wine wholesaler shall be sold to
2 retailers within the state.

3 (b) Each price posting shall be made on a form prepared and
4 furnished by the board, or a reasonable facsimile thereof, and shall
5 set forth:

6 (i) All brands, types, packages, and containers of beer offered for
7 sale by such beer and/or wine wholesaler;

8 (ii) The wholesale prices thereof to retail licensees, including
9 allowances, if any, for returned empty containers.

10 (c) No beer and/or wine wholesaler may sell or offer to sell any
11 package or container of beer or wine to any retail licensee at a price
12 differing from the price for such package or container as shown in the
13 price posting filed by the beer and/or wine wholesaler and then in
14 effect, according to rules adopted by the board.

15 (d) Quantity discounts are prohibited. No price may be posted that
16 is below acquisition cost plus ten percent of acquisition cost.
17 However, the board is empowered to review periodically, as it may deem
18 appropriate, the amount of the percentage of acquisition cost as a
19 minimum mark-up over cost and to modify such percentage by rule of the
20 board, except such percentage shall be not less than ten percent.

21 (e) Wholesale prices on a "close-out" item shall be accepted by the
22 board if the item to be discontinued has been listed on the state
23 market for a period of at least six months, and upon the further
24 condition that the wholesaler who posts such a close-out price shall
25 not restock the item for a period of one year following the first
26 effective date of such close-out price.

27 (f) The board may reject any price posting that it deems to be in
28 violation of this section or any rule, or portion thereof, or that
29 would tend to disrupt the orderly sale and distribution of beer and
30 wine. Whenever the board rejects any posting, the licensee submitting
31 the posting may be heard by the board and shall have the burden of
32 showing that the posting is not in violation of this section or a rule
33 or does not tend to disrupt the orderly sale and distribution of beer
34 and wine. If the posting is accepted, it shall become effective at the
35 time fixed by the board. If the posting is rejected, the last
36 effective posting shall remain in effect until such time as an amended
37 posting is filed and approved, in accordance with the provisions of
38 this section.

1 (g) All price postings filed as required by this section shall at
2 all times be open to inspection to all trade buyers within the state of
3 Washington and shall not in any sense be considered confidential.

4 (h) Any beer and/or wine wholesaler or employee authorized by the
5 wholesaler-employer may sell beer and/or wine at the wholesaler's
6 posted prices to any class A, B, C, D, E, F, H, G, or J licensee upon
7 presentation to the wholesaler or employee at the time of purchase of
8 a special permit issued by the board to such licensee.

9 (i) Every class A, B, C, D, E, F, H, G, or J licensee, upon
10 purchasing any beer and/or wine from a wholesaler, shall immediately
11 cause such beer or wine to be delivered to the licensed premises, and
12 the licensee shall not thereafter permit such beer to be disposed of in
13 any manner except as authorized by the license.

14 (ii) Beer and wine sold as provided in this section shall be
15 delivered by the wholesaler or an authorized employee either to the
16 retailer's licensed premises or directly to the retailer at the
17 wholesaler's licensed premises. A wholesaler's prices to retail
18 licensees shall be the same at both such places of delivery.

19 (3) Beer and wine suppliers' price filings, contracts, and
20 memoranda. (a) Every brewery and winery offering beer and/or wine for
21 sale within the state shall file with the board at its office in
22 Olympia a copy of every written contract and a memorandum of every oral
23 agreement which such brewery or winery may have with any beer or wine
24 wholesaler, which contracts or memoranda shall contain a schedule of
25 prices charged to wholesalers for all items and all terms of sale,
26 including all regular and special discounts; all advertising, sales and
27 trade allowances, and incentive programs; and all commissions, bonuses
28 or gifts, and any and all other discounts or allowances. Whenever
29 changed or modified, such revised contracts or memoranda shall
30 forthwith be filed with the board as provided for by rule. The
31 provisions of this section also apply to certificate of approval
32 holders, beer and/or wine importers, and beer and/or wine wholesalers
33 who sell to other beer and/or wine wholesalers.

34 Each price schedule shall be made on a form prepared and furnished
35 by the board, or a reasonable facsimile thereof, and shall set forth
36 all brands, types, packages, and containers of beer or wine offered for
37 sale by such licensed brewery or winery; all additional information
38 required may be filed as a supplement to the price schedule forms.

1 (b) Prices filed by a brewery or winery shall be uniform prices to
2 all wholesalers on a state-wide basis less bona fide allowances for
3 freight differentials. Quantity discounts are prohibited. No price
4 shall be filed that is below acquisition/production cost plus ten
5 percent of that cost, except that acquisition cost plus ten percent of
6 acquisition cost does not apply to sales of beer or wine between a beer
7 or wine importer who sells beer or wine to another beer or wine
8 importer or to a beer or wine wholesaler, or to a beer or wine
9 wholesaler who sells beer or wine to another beer or wine wholesaler.
10 However, the board is empowered to review periodically, as it may deem
11 appropriate, the amount of the percentage of acquisition/production
12 cost as a minimum mark-up over cost and to modify such percentage by
13 rule of the board, except such percentage shall be not less than ten
14 percent.

15 (c) No brewery, winery, certificate of approval holder, wine
16 importer, or wine wholesaler may sell or offer to sell any beer or wine
17 to any persons whatsoever in this state until copies of such written
18 contracts or memoranda of such oral agreements are on file with the
19 board.

20 (d) No brewery or winery may sell or offer to sell any package or
21 container of beer or wine to any wholesaler at a price differing from
22 the price for such package or container as shown in the schedule of
23 prices filed by the brewer or domestic winery and then in effect,
24 according to rules adopted by the board.

25 (e) The board may reject any supplier's price filing, contract, or
26 memorandum of oral agreement, or portion thereof that it deems to be in
27 violation of this section or any rule or that would tend to disrupt the
28 orderly sale and distribution of beer or wine. Whenever the board
29 rejects any such price filing, contract, or memorandum, the licensee
30 submitting the price filing, contract, or memorandum may be heard by
31 the board and shall have the burden of showing that the price filing,
32 contract, or memorandum is not in violation of this section or a rule
33 or does not tend to disrupt the orderly sale and distribution of beer
34 or wine. If the price filing, contract, or memorandum is accepted, it
35 shall become effective at a time fixed by the board. If the price
36 filing, contract, or memorandum, or portion thereof, is rejected, the
37 last effective price filing, contract, or memorandum shall remain in
38 effect until such time as an amended price filing, contract, or

1 memorandum is filed and approved, in accordance with the provisions of
2 this section.

3 (f) All prices, contracts, and memoranda filed as required by this
4 section shall at all times be open to inspection to all trade buyers
5 within the state of Washington and shall not in any sense be considered
6 confidential.

Passed the House April 19, 1995.

Passed the Senate April 12, 1995.

Approved by the Governor May 5, 1995, with the exception of certain
items which were vetoed.

Filed in Office of Secretary of State May 5, 1995.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to section 8,
3 House Bill No. 1060 entitled:

4 "AN ACT Relating to improvements to the licensing sections of the
5 Washington state liquor act;"

6 This bill provides additional flexibility to the Liquor Control
7 Board allowing greater responsiveness in its regulatory functions.

8 Section 8 of the bill would allow Class H licensed hotels to extend
9 their licenses to property owned or leased for use as a conference,
10 convention center, or banquet facility. Identical language extending
11 this authority was included in Senate Bill No. 5563 which has already
12 been signed into law. Vetoing this duplicate section will avoid
13 unnecessary cross referencing requirements in the Revised Code of
14 Washington.

15 For this reason, I am vetoing section 8 of House Bill No. 1060.

16 With the exception of section 8, House Bill No. 1060 is approved."