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HOUSE BILL 1975

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Blake, Hurst, and Vick

Read first time 02/04/15. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to exempting distillers from certain licensing  
2 fees; and amending RCW 66.24.630.

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

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

6 (1) There is a spirits retail license to: Sell spirits in  
7 original containers to consumers for consumption off the licensed  
8 premises and to permit holders; sell spirits in original containers  
9 to retailers licensed to sell spirits for consumption on the  
10 premises, for resale at their licensed premises according to the  
11 terms of their licenses, although no single sale may exceed twenty-  
12 four liters, unless the sale is by a licensee that was a contract  
13 liquor store manager of a contract liquor store at the location of  
14 its spirits retail licensed premises from which it makes such sales;  
15 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  
18 only if not for resale. Nothing in this title authorizes sales by on-  
19 sale licensees to other retail licensees. The board must establish by  
20 rule an obligation of on-sale spirits retailers to:

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

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

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

10 (ii) A distiller acting as distributor of the scheduled item in  
11 the area.

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

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

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

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

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

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

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

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

16 (ii) To other registered facilities; or

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

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

31 (b) This subsection (4) does not apply to craft distilleries or  
32 holders of a distiller/rectifier license that distill and manufacture  
33 spirits.

34 (5) In addition to the payment required under subsection (4) of  
35 this section, each licensee must pay an annual license renewal fee of  
36 one hundred sixty-six dollars. The board must periodically review and  
37 adjust the renewal fee as may be required to maintain it as  
38 comparable to annual license renewal fees for licenses to sell beer  
39 and wine not for consumption on the licensed premises. If required by

1 law at the time, any increase of the annual renewal fee becomes  
2 effective only upon ratification by the legislature.

3 (6) As a condition to receiving and renewing a retail spirits  
4 license the licensee must provide training as prescribed by the board  
5 by rule for individuals who sell spirits or who manage others who  
6 sell spirits regarding compliance with laws and regulations regarding  
7 sale of spirits, including without limitation the prohibitions  
8 against sale of spirits to individuals who are underage or visibly  
9 intoxicated. The training must be provided before the individual  
10 first engages in the sale of spirits and must be renewed at least  
11 every five years. The licensee must maintain records documenting the  
12 nature and frequency of the training provided. An employee training  
13 program is presumptively sufficient if it incorporates a "responsible  
14 vendor program" promulgated by the board.

15 (7) The maximum penalties prescribed by the board in WAC  
16 314-29-020 through 314-29-040 relating to fines and suspensions are  
17 doubled for violations relating to the sale of spirits by retail  
18 spirits licensees.

19 (8)(a) The board must promulgate regulations concerning the  
20 adoption and administration of a compliance training program for  
21 spirits retail licensees, to be known as a "responsible vendor  
22 program," to reduce underage drinking, encourage licensees to adopt  
23 specific best practices to prevent sales to minors, and provide  
24 licensees with an incentive to give their employees ongoing training  
25 in responsible alcohol sales and service.

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

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

32 (d) To participate in the responsible vendor program, licensees  
33 must submit an application form to the board. If the application  
34 establishes that the licensee meets the qualifications to join the  
35 program, the board must send the licensee a membership certificate.

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

38 (i) Provide ongoing training to employees;

39 (ii) Accept only certain forms of identification for alcohol  
40 sales;

- 1        (iii) Adopt policies on alcohol sales and checking  
2 identification;  
3        (iv) Post specific signs in the business; and  
4        (v) Keep records verifying compliance with the program's  
5 requirements.

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