
SENATE BILL 5353

State of Washington

64th Legislature

2015 Regular Session

By Senator Angel

Read first time 01/20/15. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the service and sales of spirits, wine, and
2 beer; amending RCW 66.24.145, 66.24.175, 66.24.380, 66.24.495,
3 82.08.150, and 66.24.630; adding new sections to chapter 66.24 RCW;
4 and adding new sections to chapter 66.20 RCW.

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

6 **Sec. 1.** RCW 66.24.145 and 2014 c 92 s 1 are each amended to read
7 as follows:

8 (1)(a) Any craft distillery may sell spirits of its own
9 production for consumption off the premises.

10 (b) Any craft distillery may sell spirits for consumption off the
11 premises, in their original containers, produced by other distillers
12 or craft distillers licensed in this state. The distillery or craft
13 distillery selling spirits under this subsection may purchase the
14 products directly from a licensed distributor or from the producer.

15 (c) A craft distillery selling spirits under this subsection (1)
16 must comply with the applicable laws and rules relating to retailers.

17 (2) Any craft distillery may contract distilled spirits for, and
18 sell contract distilled spirits to, holders of distillers' or
19 manufacturers' licenses, including licenses issued under RCW
20 66.24.520, or for export.

1 (3) Any craft distillery licensed under (~~this section~~) RCW
2 66.24.140(1) (a) or (d) may provide, free or for a charge, one-half
3 ounce or less samples of spirits of its own production to persons on
4 the premises of the distillery. The maximum total per person per day
5 is two ounces. Every person who participates in any manner in the
6 service of samples must obtain a class 12 alcohol server permit.

7 (4) A craft distillery licensee who is licensed for more than one
8 distillery location may serve samples and sell spirits of their own
9 production, at retail, at any of their licensed locations.

10 (5)(a) A craft distillery licensee may apply to the board for an
11 endorsement to sell spirits of its own production at retail for off-
12 premises consumption at a qualifying farmers market. The annual fee
13 for this endorsement is seventy-five dollars.

14 (b) For each month during which a craft distillery will sell
15 spirits at a qualifying farmers market, the craft distillery must
16 provide the board or its designee a list of the dates, times, and
17 locations at which bottled spirits may be offered for sale. This list
18 must be received by the board before the craft distillery may offer
19 spirits for sale at a qualifying farmers market.

20 (c) The spirits sold at qualifying farmers markets must be made
21 with at least half of the raw materials used in the production grown
22 in Washington.

23 (d) Each approved location in a qualifying farmers market is
24 deemed to be part of the craft distillery license for the purpose of
25 this title. The approved locations under an endorsement granted under
26 this subsection include tasting or sampling privileges subject to the
27 conditions pursuant to RCW 66.24.175. The craft distillery may not
28 store spirits at a farmers market beyond the hours that the craft
29 distillery offers bottled spirits for sale. The craft distillery may
30 not act as a distributor from a farmers market location.

31 (e) Before a craft distillery may sell bottled spirits at a
32 qualifying farmers market, the farmers market must apply to the board
33 for authorization for any craft distillery with an endorsement
34 approved under this subsection to sell bottled spirits at retail at
35 the farmers market. This application must include, at a minimum: (i)
36 A map of the farmers market showing all booths, stalls, or other
37 designated locations at which an approved craft distillery may sell
38 bottled spirits; and (ii) the name and contact information for the
39 on-site market managers who may be contacted by the board or its
40 designee to verify the locations at which bottled spirits may be

1 sold. Before authorizing a qualifying farmers market to allow an
2 approved craft distillery to sell bottled spirits at retail at its
3 farmers market location, the board must notify the persons or
4 entities of such application for authorization pursuant to RCW
5 66.24.010 (8) and (9). An authorization granted under this subsection
6 (5)(e) may be withdrawn by the board for any violation of this title
7 or any rules adopted under this title.

8 (f) For the purposes of this subsection (5), "qualifying farmers
9 market" has the same meaning as provided in RCW 66.24.170.

10 (6) The board must adopt rules to implement the alcohol server
11 permit requirement and may adopt additional rules to implement this
12 section.

13 ~~((+5))~~ (7) Distilling is an agricultural practice.

14 **Sec. 2.** RCW 66.24.175 and 2014 c 105 s 2 are each amended to
15 read as follows:

16 (1) A qualifying farmers market authorized to allow wineries to
17 sell bottled wine at retail under RCW 66.24.170 ~~((or~~
18 ~~microbreweries)), a microbrewery authorized to sell bottled beer at~~
19 retail under RCW 66.24.244, or ~~((both))~~ a craft distillery
20 authorized to sell bottled spirits at retail under RCW 66.24.145 may
21 apply to the liquor control board for an endorsement to allow
22 sampling of wine ~~((or beer or both. A winery or microbrewery)), beer,~~
23 or spirits. A winery, microbrewery, or craft distillery offering
24 samples under this section must have an endorsement from the board to
25 sell wine ~~((or))~~, beer, or spirits, as the case may be, of its own
26 production at a qualifying farmers market under RCW 66.24.170 ~~((or~~
27 ~~66.24.244, respectively)), 66.24.244, or 66.24.145, respectively. The~~
28 operator of a qualifying farmers market cannot be compelled to offer
29 samples of wine, beer, or spirits and the operator has the discretion
30 as to which, if any, of the license holders may sample their products
31 in the market.

32 (2) Samples may be offered only under the following conditions:

33 (a) No more than three wineries ~~((or))~~, microbreweries, or craft
34 distilleries combined may offer samples at a qualifying farmers
35 market per day.

36 (b) Samples of wine or beer must be two ounces or less. A winery
37 or microbrewery may provide a maximum of two ounces of wine or beer
38 to a customer per day. A craft distillery may provide one-half ounce

1 or less samples of spirits, with a maximum total per person per day
2 of two ounces.

3 (c) A winery (~~(or)~~), microbrewery, or craft distillery may
4 advertise that it offers samples only at its designated booth, stall,
5 or other designated location at the farmers market.

6 (d) Customers must remain at the designated booth, stall, or
7 other designated location while sampling beer (~~(or)~~), wine, or
8 spirits.

9 (e) Winery (~~(and)~~), microbrewery, or craft distillery licensees
10 and employees who are involved in sampling activities under this
11 section must hold a class 12 or class 13 alcohol server permit.

12 (f) A winery (~~(or)~~), microbrewery, or craft distillery must have
13 food available for customers to consume while sampling beer or wine,
14 or must be adjacent to a vendor offering prepared food.

15 (3) The board may establish additional requirements to ensure
16 that persons under twenty-one years of age and apparently intoxicated
17 persons may not possess or consume alcohol under the authority
18 granted in this section.

19 (4) The board may prohibit sampling at a farmers market that is
20 within the boundaries of an alcohol impact area recognized by
21 resolution of the board if the board finds that the sampling
22 activities at the farmers market have an adverse effect on the
23 reduction of chronic public inebriation in the area.

24 (5) If a winery (~~(or)~~), microbrewery, or craft distillery is
25 found to have committed a public safety violation in conjunction with
26 tasting activities, the board may suspend the licensee's farmers
27 market endorsement and not reissue the endorsement for up to two
28 years from the date of the violation. If mitigating circumstances
29 exist, the board may offer a monetary penalty in lieu of suspension
30 during a settlement conference.

31 (6) For the purposes of this section, a "qualifying farmers
32 market" has the same meaning as defined in RCW 66.24.170.

33 NEW SECTION. Sec. 3. A new section is added to chapter 66.24
34 RCW to read as follows:

35 (1) A licensed distillery or licensed craft distiller may apply
36 to the board for an endorsement to serve and sell wine and beer at
37 any of its authorized locations. The endorsement permits the sale of
38 beer and wine for consumption on or off the premises allowing the
39 licensee the ability to:

1 (a) Provide individual servings of wine from a domestic winery,
2 made with grapes from Washington state, for free or for a charge;

3 (b) Sell, for off-premises consumption, domestic wine in original
4 sealed packages of the manufacturer or bottler;

5 (c) Sell, for off-premises consumption, domestic wine in kegs or
6 sanitary containers meeting the applicable requirements of federal
7 law brought to the premises by the purchaser or furnished by the
8 licensee and filled at the tap at the time of sale;

9 (d) Provide individual servings of beer made in Washington state
10 by a domestic microbrewery;

11 (e) Sell, for off-premises consumption, beer made in Washington
12 state by a domestic microbrewery, in original sealed packages of the
13 manufacturer or bottler; and

14 (f) Sell, for off-premises consumption, beer made in Washington
15 state by a domestic microbrewery, in a sanitary container brought to
16 the premises by the purchaser or furnished by the licensee and filled
17 at the tap by the licensee at the time of sale.

18 (2) The annual fee for this endorsement is seventy-five dollars.

19 (3) The distillery or craft distillery providing wine or beer
20 under this subsection may purchase the products directly from a
21 licensed distributor or from the producer.

22 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.20
23 RCW to read as follows:

24 (1) Upon application, the board may issue a special permit to
25 sell and consume wine, beer, or spirits at a banquet or special
26 occasion, at a specified date and place, if the event is held by a
27 licensee at a winery authorized to sell bottled wine at retail under
28 RCW 66.24.170, a microbrewery authorized to sell bottled beer at
29 retail under RCW 66.24.244, or a craft distillery authorized to sell
30 bottled spirits at retail under RCW 66.24.145. In the case of a craft
31 distillery the sales, service, and on-premises consumption of spirits
32 is to be confined to the distillery's nonbonded area of the premises.

33 (2) The wine, beer, or spirits served at a banquet or special
34 occasion event must be of the winery, microbrewery, or craft
35 distillery's own production. If permission is obtained from the board
36 prior to the event, the licensee may sell wine, beer, or spirits of
37 their own production in original, unopened containers for off-
38 premises consumption.

1 (3) The banquet or special occasion permits, available under this
2 section, may only be issued for events that are limited to persons
3 who have a common purpose or interest for attending, either business
4 or social or a combination of both. The permits may not be issued for
5 events that are open to the general public.

6 (4) The winery, microbrewery, or craft distillery licensees and
7 employees who are involved in providing service under this section
8 must hold a class 12 or class 13 alcohol server permit.

9 (5) A winery, microbrewery, or craft distillery is not required
10 to offer or provide food as part of the banquet or special occasion
11 permit.

12 (6) A winery, microbrewery, or craft distillery licensee may not
13 be issued banquet or special occasion permits for more than twelve
14 calendar days per year.

15 (7) The fee for a banquet or special occasion permit issued under
16 this section is sixty dollars per day.

17 NEW SECTION. **Sec. 5.** A new section is added to chapter 66.24
18 RCW to read as follows:

19 (1)(a) A craft distillery licensed under RCW 66.24.140(1) (a) or
20 (d) may sell by the individual glass, at retail, for consumption on
21 the premises, mixed drinks and cocktails compounded and mixed on the
22 premises with spirits of its own production. The beverages may also
23 be blended with spirits made by other distilleries so long as the
24 majority of the spirits are produced in Washington.

25 (b) A domestic winery licensed under RCW 66.24.170 or a
26 microbrewery licensed under RCW 66.24.244 may sell by the individual
27 glass, at retail, for consumption on the premises, mixed drinks and
28 cocktails compounded and mixed on the premises with spirits so long
29 as the majority of the spirits served are produced in Washington.

30 (2) A craft distillery, domestic winery, or microbrewery is
31 limited to serving no more than a total of two mixed drinks or
32 cocktails per person per day.

33 (3) A craft distillery, domestic winery, or microbrewery may not
34 be required to offer or provide food under this section.

35 (4) Every person who participates in any manner in the mixing of
36 spirits must hold a class 13 alcohol server permit.

37 (5) Sales of mixed drinks and cocktails compounded and mixed on
38 the premises under this section may not exceed twenty percent of the
39 craft distillery, domestic winery, or microbrewery's gross revenue.

1 (6) A craft distillery, domestic winery, or microbrewery serving
2 beverages under this section may purchase the additional spirits for
3 blending beverages directly from a licensed distributor or from the
4 producer.

5 (7) No additional license or endorsement is required for a craft
6 distillery, domestic winery, or microbrewery to serve mixed drinks
7 and cocktails under this section.

8 NEW SECTION. **Sec. 6.** A new section is added to chapter 66.24
9 RCW to read as follows:

10 (1) A domestic winery licensed under RCW 66.24.170 or a
11 microbrewery licensed under RCW 66.24.244 may sell spirits bottled in
12 their original container, which are made in Washington by a licensed
13 craft distillery, at retail, for consumption off-premises.

14 (2) A domestic winery or microbrewery selling spirits under this
15 section may purchase the spirits directly from a licensed distributor
16 or craft distillery.

17 NEW SECTION. **Sec. 7.** A new section is added to chapter 66.20
18 RCW to read as follows:

19 (1) The holder of a license to operate a distillery or craft
20 distillery issued under RCW 66.24.140 or 66.24.145 may apply to the
21 board to ship its spirits to a person who is a resident of Washington
22 and is twenty-one years of age or older for that person's personal
23 use and not for resale.

24 (2) An applicant for a spirits shipper's permit under this
25 section must: (a) Operate a distillery or craft distillery in
26 Washington; (b) certify that it holds all necessary state and federal
27 licenses and permits; and (c) register with the department of revenue
28 under RCW 82.32.030.

29 (3) Holders of a spirits shipper's permit must: (a) Pay the tax
30 under RCW 66.24.210 for sales of spirits to Washington state
31 residents; and (b) collect and remit to the department of revenue all
32 applicable state and local sales and use taxes imposed by or under
33 the authority of chapters 82.08, 82.12, and 82.14 RCW on all sales of
34 spirits delivered to buyers in this state.

35 (4) A spirits shipper's permit holder must clearly label all
36 outside shipping packages of spirits sent in this state to indicate
37 that the package cannot be delivered to a person under twenty-one
38 years of age or to an intoxicated person.

1 (5) A spirits shipper's permit holder must ensure that the
2 private carrier used to deliver spirits: (a) Obtains the signature of
3 the person who receives the spirits upon delivery; (b) verifies the
4 age of the recipient; and (c) verifies that the recipient does not
5 appear intoxicated at the time of delivery.

6 (6) A spirits shipper's permit holder must report to the board,
7 on or before the twentieth day of each month, all shipments of
8 spirits made during the preceding calendar month directly to
9 Washington consumers under its permit. All reports will be on forms
10 prescribed by the board.

11 (7) A spirits shipper's permit holder who advertises or offers
12 spirits for direct shipment to customers within this state must
13 clearly and conspicuously display the permit number in its
14 advertising.

15 (8) A fee for a spirits shipper's permit may be established by
16 the board.

17 (9) The privilege to ship spirits directly to Washington
18 consumers under a spirits shipper's permit must be suspended or
19 revoked if the distillery or craft distillery fails to comply with
20 the provisions of this section.

21 **Sec. 8.** RCW 66.24.380 and 2012 c 2 s 112 are each amended to
22 read as follows:

23 There is a retailer's license to be designated as a special
24 occasion license to be issued to a not-for-profit society or
25 organization to sell spirits, beer, and wine by the individual
26 serving for on-premises consumption at a specified event, such as at
27 picnics or other special occasions, at a specified date and place;
28 fee sixty dollars per day.

29 (1) The not-for-profit society or organization is limited to
30 sales of no more than twelve calendar days per year. For the purposes
31 of this subsection, special occasion licensees that are "agricultural
32 area fairs" or "agricultural county, district, and area fairs," as
33 defined by RCW 15.76.120, that receive a special occasion license
34 may, once per calendar year, count as one event fairs that last
35 multiple days, so long as alcohol sales are at set dates, times, and
36 locations, and the board receives prior notification of the dates,
37 times, and locations. The special occasion license applicant will pay
38 the sixty dollars per day for this event.

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

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

6 (4) Liquor sold under this special occasion license must be
7 purchased from a licensee of the board.

8 (5) A not-for-profit society or organization licensed to sell
9 spirits under this section is exempt from collecting and paying the
10 taxes imposed under RCW 82.08.150.

11 (6) Any violation of this section is a class 1 civil infraction
12 having a maximum penalty of two hundred fifty dollars as provided for
13 in chapter 7.80 RCW.

14 **Sec. 9.** RCW 66.24.495 and 1997 c 321 s 33 are each amended to
15 read as follows:

16 (1) There shall be a license to be designated as a nonprofit arts
17 organization license. This (~~shall be~~) is a special license to be
18 issued to any nonprofit arts organization (~~which~~) that sponsors and
19 presents productions or performances of an artistic or cultural
20 nature in a specific theater or other appropriate designated indoor
21 premises approved by the board. The license (~~shall~~) must permit the
22 licensee to sell liquor to patrons of productions or performances for
23 consumption on the premises at these events. The fee for the license
24 (~~shall be~~) is two hundred fifty dollars per annum.

25 (2) For the purposes of this section, the term "nonprofit arts
26 organization" means an organization which is organized and operated
27 for the purpose of providing artistic or cultural exhibitions,
28 presentations, or performances or cultural or art education programs,
29 as defined in subsection (~~(3)~~) (4) of this section, for viewing or
30 attendance by the general public. The organization must be a not-for-
31 profit corporation under chapter 24.03 RCW and managed by a governing
32 board of not less than eight individuals none of whom is a paid
33 employee of the organization or by a corporation sole under chapter
34 24.12 RCW. In addition, the corporation must satisfy the following
35 conditions:

36 (a) No part of its income may be paid directly or indirectly to
37 its members, stockholders, officers, directors, or trustees except in
38 the form of services rendered by the corporation in accordance with
39 its purposes and bylaws;

1 (b) Salary or compensation paid to its officers and executives
2 must be only for actual services rendered, and at levels comparable
3 to the salary or compensation of like positions within the state;

4 (c) Assets of the corporation must be irrevocably dedicated to
5 the activities for which the license is granted and, on the
6 liquidation, dissolution, or abandonment by the corporation, may not
7 inure directly or indirectly to the benefit of any member or
8 individual except a nonprofit organization, association, or
9 corporation;

10 (d) The corporation must be duly licensed or certified when
11 licensing or certification is required by law or regulation;

12 (e) The proceeds derived from sales of liquor, except for
13 reasonable operating costs, must be used in furtherance of the
14 purposes of the organization;

15 (f) Services must be available regardless of race, color,
16 national origin, or ancestry; and

17 (g) The liquor control board (~~shall~~) must have access to its
18 books in order to determine whether the corporation is entitled to a
19 license.

20 (3) A nonprofit arts organization licensed to sell spirits under
21 this section is exempt from collecting and paying the taxes imposed
22 under RCW 82.08.150.

23 (4) The term "artistic or cultural exhibitions, presentations, or
24 performances or cultural or art education programs" includes and is
25 limited to:

26 (a) An exhibition or presentation of works of art or objects of
27 cultural or historical significance, such as those commonly displayed
28 in art or history museums;

29 (b) A musical or dramatic performance or series of performances;
30 or

31 (c) An educational seminar or program, or series of such
32 programs, offered by the organization to the general public on an
33 artistic, cultural, or historical subject.

34 **Sec. 10.** RCW 82.08.150 and 2012 c 2 s 106 are each amended to
35 read as follows:

36 (1) There is levied and collected a tax upon each retail sale of
37 spirits in the original package at the rate of fifteen percent of the
38 selling price.

1 (2) There is levied and collected a tax upon each sale of spirits
2 in the original package at the rate of ten percent of the selling
3 price on sales by a spirits distributor licensee or other licensee
4 acting as a spirits distributor pursuant to Title 66 RCW to
5 restaurant spirits retailers.

6 (3) There is levied and collected an additional tax upon each
7 sale of spirits in the original package by a spirits distributor
8 licensee or other licensee acting as a spirits distributor pursuant
9 to Title 66 RCW to a restaurant spirits retailer and upon each retail
10 sale of spirits in the original package by a licensee of the board at
11 the rate of one dollar and seventy-two cents per liter.

12 (4) An additional tax is imposed equal to fourteen percent
13 multiplied by the taxes payable under subsections (1), (2), and (3)
14 of this section.

15 (5) An additional tax is imposed upon each sale of spirits in the
16 original package by a spirits distributor licensee or other licensee
17 acting as a spirits distributor pursuant to Title 66 RCW to a
18 restaurant spirits retailer and upon each retail sale of spirits in
19 the original package by a licensee of the board at the rate of seven
20 cents per liter. All revenues collected during any month from this
21 additional tax must be deposited in the state general fund by the
22 twenty-fifth day of the following month.

23 (6)(a) An additional tax is imposed upon retail sale of spirits
24 in the original package at the rate of three and four-tenths percent
25 of the selling price.

26 (b) An additional tax is imposed upon retail sale of spirits in
27 the original package to a restaurant spirits retailer at the rate of
28 two and three-tenths percent of the selling price.

29 (c) An additional tax is imposed upon each sale of spirits in the
30 original package by a spirits distributor licensee or other licensee
31 acting as a spirits distributor pursuant to Title 66 RCW to a
32 restaurant spirits retailer and upon each retail sale of spirits in
33 the original package by a licensee of the board at the rate of forty-
34 one cents per liter.

35 (d) All revenues collected during any month from additional taxes
36 under this subsection must be deposited in the state general fund by
37 the twenty-fifth day of the following month.

38 (7)(a) An additional tax is imposed upon each retail sale of
39 spirits in the original package at the rate of one dollar and thirty-
40 three cents per liter.

1 (b) All revenues collected during any month from additional taxes
2 under this subsection must be deposited by the twenty-fifth day of
3 the following month into the general fund.

4 (8) The tax imposed in RCW 82.08.020 does not apply to sales of
5 spirits in the original package.

6 (9) The taxes imposed in this section must be paid by the buyer
7 to the seller, and each seller must collect from the buyer the full
8 amount of the tax payable in respect to each taxable sale under this
9 section. The taxes required by this section to be collected by the
10 seller must be stated separately from the selling price, and for
11 purposes of determining the tax due from the buyer to the seller, it
12 is conclusively presumed that the selling price quoted in any price
13 list does not include the taxes imposed by this section. Sellers must
14 report and return all taxes imposed in this section in accordance
15 with rules adopted by the department.

16 (10) The taxes imposed under this section do not apply to sales
17 conducted by not-for-profit societies or organizations licensed under
18 RCW 66.24.380, or sales conducted by nonprofit arts organizations
19 licensed under RCW 66.24.495.

20 (11) As used in this section, the terms, "spirits" and "package"
21 have the same meaning as provided in chapter 66.04 RCW.

22 **Sec. 11.** RCW 66.24.630 and 2012 2nd sp.s. c 6 s 401 are each
23 amended to read as follows:

24 (1) There is a spirits retail license to: Sell spirits in
25 original containers to consumers for consumption off the licensed
26 premises and to permit holders; sell spirits in original containers
27 to retailers licensed to sell spirits for consumption on the
28 premises, for resale at their licensed premises according to the
29 terms of their licenses, although no single sale may exceed twenty-
30 four liters, unless the sale is by a licensee that was a contract
31 liquor store manager of a contract liquor store at the location of
32 its spirits retail licensed premises from which it makes such sales;
33 and export spirits.

34 (2) For the purposes of this title, a spirits retail license is a
35 retail license, and a sale by a spirits retailer is a retail sale
36 only if not for resale. Nothing in this title authorizes sales by on-
37 sale licensees to other retail licensees. The board must establish by
38 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 premises (~~on-premises~~) licensee and the quantities of that
7 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,
32 sales conducted by not-for-profit societies or organizations licensed
33 under RCW 66.24.380, or sales conducted by nonprofit arts
34 organizations licensed under RCW 66.24.495.

35 (5) In addition to the payment required under subsection (4) of
36 this section, each licensee must pay an annual license renewal fee of
37 one hundred sixty-six dollars. The board must periodically review and
38 adjust the renewal fee as may be required to maintain it as
39 comparable to annual license renewal fees for licenses to sell beer
40 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.

6 NEW SECTION. **Sec. 12.** A new section is added to chapter 66.24
7 RCW to read as follows:

8 (1) Any licensee authorized to sell at retail under this chapter
9 may sell gift certificates and gift cards intended to be exchanged
10 for consumer goods, including alcohol, sold by the licensee. The
11 licensee may also sell the gift certificates and gift cards to a
12 third-party retailer for resale to the public. Gift certificates and
13 gift cards may not be redeemed for alcohol by persons under the age
14 of twenty-one.

15 (2) For the purposes of this section, "gift certificate" and
16 "gift cards" have the same meaning as provided in RCW 19.240.010.

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