

2 **SSB 5364** - H COMM AMD **ADOPTED 04/08/99**

3 By Committee on Commerce & Labor

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 66.08.180 and 1997 c 451 s 3 and 1997 c 321 s 57 are
8 each reenacted and amended to read as follows:

9 Except as provided in RCW 66.24.290(1), moneys in the liquor
10 revolving fund shall be distributed by the board at least once every
11 three months in accordance with RCW 66.08.190, 66.08.200 and 66.08.210:
12 PROVIDED, That the board shall reserve from distribution such amount
13 not exceeding five hundred thousand dollars as may be necessary for the
14 proper administration of this title.

15 (1) All license fees, penalties and forfeitures derived under this
16 act from (~~class H~~) spirits, beer, and wine restaurant; spirits, beer,
17 and wine private club; and sports entertainment facility licenses or
18 (~~class H~~) spirits, beer, and wine restaurant; spirits, beer, and wine
19 private club; and sports entertainment facility licensees shall every
20 three months be disbursed by the board as follows:

21 (a) Three hundred thousand dollars per biennium, to the University
22 of Washington for the forensic investigations council to conduct the
23 state toxicological laboratory pursuant to RCW 68.50.107; and

24 (b) Of the remaining funds:

25 (i) 6.06 percent to the University of Washington and 4.04 percent
26 to Washington State University for alcoholism and drug abuse research
27 and for the dissemination of such research; and

28 (ii) 89.9 percent to the general fund to be used by the department
29 of social and health services solely to carry out the purposes of RCW
30 70.96A.050;

31 (2) The first fifty-five dollars per license fee provided in RCW
32 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand
33 dollars annually shall be disbursed every three months by the board to
34 the general fund to be used for juvenile alcohol and drug prevention
35 programs for kindergarten through third grade to be administered by the
36 superintendent of public instruction;

1 (3) Twenty percent of the remaining total amount derived from
2 license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.350, and
3 66.24.360, shall be transferred to the general fund to be used by the
4 department of social and health services solely to carry out the
5 purposes of RCW 70.96A.050; and

6 (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210
7 shall every three months be disbursed by the board to Washington State
8 University solely for wine and wine grape research, extension programs
9 related to wine and wine grape research, and resident instruction in
10 both wine grape production and the processing aspects of the wine
11 industry in accordance with RCW 28B.30.068. The director of financial
12 management shall prescribe suitable accounting procedures to ensure
13 that the funds transferred to the general fund to be used by the
14 department of social and health services and appropriated are
15 separately accounted for.

16 **Sec. 2.** RCW 66.08.220 and 1949 c 5 s 11 are each amended to read
17 as follows:

18 The board shall set aside in a separate account in the liquor
19 revolving fund an amount equal to ten percent of its gross sales of
20 liquor to ~~((class H))~~ spirits, beer, and wine restaurant; spirits,
21 beer, and wine private club; and sports entertainment facility
22 licensees, less the fifteen percent discount provided for in RCW
23 66.24.440; and the moneys in said separate account shall be distributed
24 in accordance with the provisions of RCW 66.08.190, 66.08.200 and
25 66.08.210: PROVIDED, HOWEVER, That no election unit in which the sale
26 of liquor under ~~((class H))~~ spirits, beer, and wine restaurant;
27 spirits, beer, and wine private club; and sports entertainment facility
28 licenses is unlawful shall be entitled to share in the distribution of
29 moneys from such separate account.

30 **Sec. 3.** RCW 66.12.110 and 1975-'76 2nd ex.s. c 20 s 1 are each
31 amended to read as follows:

32 A person twenty-one years of age or over may bring into the state
33 from without the United States, free of tax and markup, for his
34 personal or household use such alcoholic beverages as have been
35 declared and permitted to enter the United States duty free under
36 federal law.

1 Such entry of alcoholic beverages in excess of that herein provided
2 may be authorized by the board upon payment of an equivalent markup and
3 tax as would be applicable to the purchase of the same or similar
4 liquor at retail from a Washington state liquor store. The board shall
5 adopt appropriate regulations pursuant to chapter 34.05 RCW for the
6 purpose of carrying out the provisions of this section. The board may
7 issue a ((~~class H~~)) spirits, beer, and wine private club license to a
8 charitable or nonprofit corporation of the state of Washington, the
9 majority of the officers and directors of which are United States
10 citizens and the minority of the officers and directors of which are
11 citizens of the Dominion of Canada, and where the location of the
12 premises for such ((~~class H~~)) spirits, beer, and wine private club
13 license is not more than ten miles south of the border between the
14 United States and the province of British Columbia.

15 **Sec. 4.** RCW 66.24.185 and 1997 c 321 s 4 are each amended to read
16 as follows:

17 (1) There shall be a license for bonded wine warehouses which shall
18 authorize the storage of bottled wine only. Under this license a
19 licensee may maintain a warehouse for the storage of wine off the
20 premises of a winery.

21 (2) The board shall adopt similar qualifications for a bonded wine
22 warehouse license as required for obtaining a domestic winery license
23 as specified in RCW 66.24.010 and 66.24.170. A licensee must be a sole
24 proprietor, a partnership, a limited liability company, or a
25 corporation. One or more domestic wineries may operate as a
26 partnership, corporation, business co-op, or agricultural co-op for the
27 purposes of obtaining a bonded wine warehouse license.

28 (3) All bottled wine shipped to a bonded wine warehouse from a
29 winery or another bonded wine warehouse shall remain under bond and no
30 tax imposed under RCW 66.24.210 shall be due, unless the wine is
31 removed from bond and shipped to a licensed Washington wine
32 distributor. Wine may be removed from a bonded wine warehouse only for
33 the purpose of being (a) exported from the state, (b) shipped to a
34 licensed Washington wine distributor, or (c) returned to a winery or
35 bonded wine warehouse.

36 (4) Warehousing of wine by any person other than (a) a licensed
37 domestic winery or a bonded wine warehouse licensed under the
38 provisions of this section, (b) a licensed Washington wine distributor,

1 (c) a licensed Washington wine importer, (d) a wine certificate of
2 approval holder (W7), or (e) the liquor control board, is prohibited.

3 (5) A license applicant shall hold a federal permit for a bonded
4 wine cellar and may be required to post a continuing wine tax bond (~~in~~
5 ~~the amount of five thousand dollars in a form prescribed~~) of such an
6 amount and in such a form as may be required by the board prior to the
7 issuance of a bonded wine warehouse license. The fee for this license
8 shall be one hundred dollars per annum.

9 (6) The board shall adopt rules requiring a bonded wine warehouse
10 to be physically secure, zoned for the intended use and physically
11 separated from any other use.

12 (7) Every licensee shall submit to the board a monthly report of
13 movement of bottled wines to and from a bonded wine warehouse in a form
14 prescribed by the board. The board may adopt other necessary
15 procedures by which bonded wine warehouses are licensed and regulated.

16 **Sec. 5.** RCW 66.24.450 and 1998 c 126 s 9 and 1998 c 114 s 1 are
17 each reenacted and amended to read as follows:

18 (1) No club shall be entitled to a spirits, beer, and wine private
19 club license:

20 (a) Unless such private club has been in continuous operation for
21 at least one year immediately prior to the date of its application for
22 such license;

23 (b) Unless the private club premises be constructed and equipped,
24 conducted, managed, and operated to the satisfaction of the board and
25 in accordance with this title and the regulations made thereunder;

26 (c) Unless the board shall have determined pursuant to any
27 regulations made by it with respect to private clubs, that such private
28 club is a bona fide private club; it being the intent of this section
29 that license shall not be granted to a club which is, or has been,
30 primarily formed or activated to obtain a license to sell liquor, but
31 solely to a bona fide private club, where the sale of liquor is
32 incidental to the main purposes of the spirits, beer, and wine private
33 club, as defined in RCW 66.04.010(7).

34 (2) The annual fee for a spirits, beer, and wine private club
35 license, whether inside or outside of an incorporated city or town, is
36 seven hundred twenty dollars per year.

37 (3) The board may issue an endorsement to the (~~full-service~~)
38 spirits, beer, and wine private club license that allows up to forty

1 nonclub, member-sponsored events using club liquor. Visitors and
2 guests may attend these events only by invitation of the sponsoring
3 member or members. These events may not be open to the general public.
4 The fee for the endorsement shall be an annual fee of nine hundred
5 dollars. Upon the board's request, the holder of the endorsement must
6 provide the board or the board's designee with the following
7 information at least seventy-two hours prior to the event: The date,
8 time, and location of the event; the name of the sponsor of the event;
9 and a brief description of the purpose of the event.

10 **Sec. 6.** RCW 66.24.580 and 1996 c 224 s 2 are each amended to read
11 as follows:

12 (1) A public house license allows the licensee:

13 (a) To annually manufacture no less than two hundred fifty gallons
14 and no more than two thousand four hundred barrels of beer on the
15 licensed premises;

16 (b) To sell product, that is produced on the licensed premises, at
17 retail on the licensed premises for consumption on the licensed
18 premises;

19 (c) To sell beer or wine not of its own manufacture for consumption
20 on the licensed premises if the beer or wine has been purchased from a
21 licensed beer or wine wholesaler;

22 (d) To hold other classes of retail licenses at other locations
23 without being considered in violation of RCW 66.28.010;

24 (e) To apply for and, if qualified and upon the payment of the
25 appropriate fee, be licensed as a (~~class H~~) spirits, beer, and wine
26 restaurant to do business at the same location. This fee is in
27 addition to the fee charged for the basic public house license.

28 (2) While the holder of a public house license is not to be
29 considered in violation of the prohibitions of ownership or interest in
30 a retail license in RCW 66.28.010, the remainder of RCW 66.28.010
31 applies to such licensees.

32 (3) A public house licensee must pay all applicable taxes on
33 production as are required by law, and all appropriate taxes must be
34 paid for any product sold at retail on the licensed premises.

35 (4) The employees of the licensee must comply with the provisions
36 of mandatory server training in RCW 66.20.300 through 66.20.350.

37 (5) The holder of a public house license may not hold a
38 wholesaler's or importer's license, act as the agent of another

1 manufacturer, wholesaler, or importer, or hold a brewery or winery
2 license.

3 (6) The annual license fee for a public house is one thousand
4 dollars.

5 (7) The holder of a public house license may hold other licenses at
6 other locations if the locations are approved by the board.

7 (8) Existing holders of annual retail liquor licenses may apply for
8 and, if qualified, be granted a public house license at one or more of
9 their existing liquor licensed locations without discontinuing business
10 during the application or construction stages.

11 **Sec. 7.** RCW 66.28.220 and 1993 c 21 s 3 are each amended to read
12 as follows:

13 The board shall adopt rules requiring retail licensees to affix
14 appropriate identification on all containers of four gallons or more of
15 malt liquor for the purpose of tracing the purchasers of such
16 containers. The rules may provide for identification to be done on a
17 state-wide basis or on the basis of smaller geographical areas.

18 The board shall develop and make available forms for the
19 declaration and receipt required by RCW 66.28.200. The board may
20 charge ((~~class E~~)) grocery store licensees for the costs of providing
21 the forms and that money collected for the forms shall be deposited
22 into the liquor revolving fund for use by the board, without further
23 appropriation, to continue to administer the cost of the keg
24 registration program.

25 It is unlawful for any person to sell or offer for sale kegs or
26 other containers containing four gallons or more of malt liquor to
27 consumers who are not licensed under chapter 66.24 RCW if the kegs or
28 containers are not identified in compliance with rules adopted by the
29 board.

30 **Sec. 8.** RCW 66.40.030 and 1994 c 55 s 1 are each amended to read
31 as follows:

32 Within any unit referred to in RCW 66.40.010, there may be held a
33 separate election upon the question of whether the sale of liquor under
34 ((~~class H~~)) spirits, beer, and wine restaurant; spirits, beer, and wine
35 private club; and sports entertainment facility licenses, shall be
36 permitted within such unit. The conditions and procedure for holding
37 such election shall be those prescribed by RCW 66.40.020, 66.40.040,

1 66.40.100, 66.40.110 and 66.40.120. Whenever a majority of qualified
2 voters voting upon said question in any such unit shall have voted
3 "against the sale of liquor under ((~~class H~~)) spirits, beer, and wine
4 restaurant; spirits, beer, and wine private club; and sports
5 entertainment facility licenses", the county auditor shall file with
6 the liquor control board a certificate showing the result of the
7 canvass at such election; and after ninety days from and after the date
8 of the canvass, it shall not be lawful for licensees to maintain and
9 operate premises within the election unit licensed under ((~~class H~~))
10 spirits, beer, and wine restaurant; spirits, beer, and wine private
11 club; and sports entertainment facility licenses. The addition after
12 an election under this section of new territory to a city, town, or
13 county, by annexation, disincorporation, or otherwise, shall not extend
14 the prohibition against the sale of liquor under ((~~class H~~)) spirits,
15 beer, and wine restaurant; spirits, beer, and wine private club; and
16 sports entertainment facility licenses to the new territory. Elections
17 held under RCW 66.40.010, 66.40.020, 66.40.040, 66.40.100, 66.40.110,
18 66.40.120 and 66.40.140, shall be limited to the question of whether
19 the sale of liquor by means other than under ((~~class H~~)) spirits, beer,
20 and wine restaurant; spirits, beer, and wine private club; and sports
21 entertainment facility licenses shall be permitted within such election
22 unit.

23 **Sec. 9.** RCW 66.40.130 and 1949 c 5 s 13 are each amended to read
24 as follows:

25 Ninety days after December 2, 1948, ((~~class H~~)) spirits, beer, and
26 wine restaurant; spirits, beer, and wine private club; and sports
27 entertainment facility licenses may be issued in any election unit in
28 which the sale of liquor is then lawful. No ((~~class H~~)) spirits, beer,
29 and wine restaurant; spirits, beer, and wine private club; and sports
30 entertainment facility license shall be issued in any election unit in
31 which the sale of liquor is forbidden as the result of an election held
32 under RCW 66.40.010, 66.40.020, 66.40.040, 66.40.100, 66.40.110,
33 66.40.120 and 66.40.140, unless a majority of the qualified electors in
34 such election unit voting upon this initiative at the general election
35 in November, 1948, vote in favor of this initiative, or unless at a
36 subsequent general election in which the question of whether the sale
37 of liquor under ((~~class H~~)) spirits, beer, and wine restaurant;
38 spirits, beer, and wine private club; and sports entertainment facility

1 licenses shall be permitted within such unit is submitted to the
2 electorate, as provided in RCW 66.40.030, a majority of the qualified
3 electors voting upon such question vote "for the sale of liquor under
4 ~~((class H))~~ spirits, beer, and wine restaurant; spirits, beer, and wine
5 private club; and sports entertainment facility licenses."

6 **Sec. 10.** RCW 66.44.190 and 1997 c 321 s 62 are each amended to
7 read as follows:

8 Except at the faculty center as so designated by the university
9 board of regents to the Washington state liquor control board who may
10 issue a ~~((class H))~~ spirits, beer, and wine private club license
11 therefor, it shall be unlawful to sell any intoxicating liquors, with
12 or without a license on the grounds of the University of Washington,
13 otherwise known and described as follows: Fractional section 16,
14 township 25 north, range 4 east of Willamette Meridian except to the
15 extent allowed under banquet permits issued pursuant to RCW 66.24.481.

16 **Sec. 11.** RCW 66.44.340 and 1986 c 5 s 1 are each amended to read
17 as follows:

18 Employers holding ~~((class E and/or F))~~ grocery store or beer and/or
19 wine specialty shop licenses exclusively are permitted to allow their
20 employees, between the ages of eighteen and twenty-one years, to sell,
21 stock, and handle beer or wine in, on or about any establishment
22 holding a ~~((class E and/or class F))~~ grocery store or beer and/or wine
23 specialty shop license exclusively: PROVIDED, That there is an adult
24 twenty-one years of age or older on duty supervising the sale of liquor
25 at the licensed premises: PROVIDED, That minor employees may make
26 deliveries of beer and/or wine purchased from licensees holding ~~((class~~
27 ~~E and/or class F))~~ grocery store or beer and/or wine specialty shop
28 licenses exclusively, when delivery is made to cars of customers
29 adjacent to such licensed premises but only, however, when the minor
30 employee is accompanied by the purchaser.

31 **Sec. 12.** RCW 66.44.350 and 1988 c 160 s 1 are each amended to read
32 as follows:

33 Notwithstanding provisions of RCW 66.44.310, employees, eighteen
34 years of age or over, of ~~((class A, C, D and/or H))~~ beer and/or wine
35 restaurant; beer and/or wine private club; snack bar; spirits, beer,
36 and wine restaurant; spirits, beer, and wine private club; and sports

1 entertainment facility licensees (~~((eighteen years of age and over))~~) may
2 take orders for, serve and sell liquor in any part of the licensed
3 premises except cocktail lounges, bars, or other areas classified by
4 the Washington state liquor control board as off-limits to persons
5 under twenty-one years of age: PROVIDED, That such employees may enter
6 such restricted areas to perform work assignments including picking up
7 liquor for service in other parts of the licensed premises, performing
8 clean up work, setting up and arranging tables, delivering supplies,
9 delivering messages, serving food, and seating patrons: PROVIDED
10 FURTHER, That such employees shall remain in the areas off-limits to
11 minors no longer than is necessary to carry out their aforementioned
12 duties: PROVIDED FURTHER, That such employees shall not be permitted
13 to perform activities or functions of a bartender.

14 **Sec. 13.** RCW 68.50.107 and 1995 c 398 s 10 are each amended to
15 read as follows:

16 There shall be established in conjunction with the University of
17 Washington Medical School and under the authority of the state forensic
18 investigations council a state toxicological laboratory under the
19 direction of the state toxicologist whose duty it will be to perform
20 all necessary toxicologic procedures requested by all coroners, medical
21 examiners, and prosecuting attorneys. The state forensic
22 investigations council shall appoint a toxicologist as state
23 toxicologist. The laboratory shall be funded by disbursement from the
24 ~~((class H))~~ spirits, beer, and wine restaurant; spirits, beer, and wine
25 private club; and sports entertainment facility license fees as
26 provided in RCW 66.08.180 and by appropriation from the death
27 investigations account as provided in RCW 43.79.445.

28 **Sec. 14.** RCW 66.24.290 and 1997 c 451 s 1 and 1997 c 321 s 16 are
29 each reenacted and amended to read as follows:

30 (1) Any microbrewer or domestic brewery or beer distributor
31 licensed under this title may sell and deliver beer to holders of
32 authorized licenses direct, but to no other person, other than the
33 board; and every such brewery or beer distributor shall report all
34 sales to the board monthly, pursuant to the regulations, and shall pay
35 to the board as an added tax for the privilege of manufacturing and
36 selling the beer within the state a tax of one dollar and thirty cents
37 per barrel of thirty-one gallons on sales to licensees within the state

1 and on sales to licensees within the state of bottled and canned beer
2 shall pay a tax computed in gallons at the rate of one dollar and
3 thirty cents per barrel of thirty-one gallons. Any brewery or beer
4 distributor whose applicable tax payment is not postmarked by the
5 twentieth day following the month of sale will be assessed a penalty at
6 the rate of two percent per month or fraction thereof. Beer shall be
7 sold by breweries and distributors in sealed barrels or packages. The
8 moneys collected under this subsection shall be distributed as follows:
9 (a) Three-tenths of a percent shall be distributed to border areas
10 under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty
11 percent shall be distributed to counties in the same manner as under
12 RCW 66.08.200; and (ii) eighty percent shall be distributed to
13 incorporated cities and towns in the same manner as under RCW
14 66.08.210.

15 (2) An additional tax is imposed on all beer subject to tax under
16 subsection (1) of this section. The additional tax is equal to two
17 dollars per barrel of thirty-one gallons. All revenues collected
18 during any month from this additional tax shall be deposited in the
19 violence reduction and drug enforcement account under RCW 69.50.520 by
20 the twenty-fifth day of the following month.

21 (3)(a) An additional tax is imposed on all beer subject to tax
22 under subsection (1) of this section. The additional tax is equal to
23 ninety-six cents per barrel of thirty-one gallons through June 30,
24 1995, two dollars and thirty-nine cents per barrel of thirty-one
25 gallons for the period July 1, 1995, through June 30, 1997, and four
26 dollars and seventy-eight cents per barrel of thirty-one gallons
27 thereafter.

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

34 (c) All revenues collected from the additional tax imposed under
35 this subsection (3) shall be deposited in the health services account
36 under RCW 43.72.900.

37 (4) An additional tax is imposed on all beer that is subject to tax
38 under subsection (1) of this section that is in the first sixty
39 thousand barrels of beer by breweries that are entitled to a reduced

1 rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or
2 such subsequent date as may be provided by the board by rule consistent
3 with the purposes of the exemption under subsection (3)(b) of this
4 section. The additional tax is equal to one dollar and forty-eight and
5 two-tenths cents per barrel of thirty-one gallons. By the twenty-fifth
6 day of the following month, three percent of the revenues collected
7 from this additional tax shall be distributed to border areas under RCW
8 66.08.195 and the remaining moneys shall be transferred to the state
9 general fund.

10 (5) The board may make refunds for all taxes paid on beer exported
11 from the state for use outside the state.

12 (6) The board may require filing with the board of a bond to be
13 approved by it, in such amount as the board may fix, securing the
14 payment of the tax. If any licensee fails to pay the tax when due, the
15 board may forthwith suspend or cancel his or her license until all
16 taxes are paid.

17 (7) The tax imposed under this section shall not apply to "strong
18 beer" as defined in this title.

19 **Sec. 15.** RCW 66.24.425 and 1998 c 126 s 7 are each amended to read
20 as follows:

21 (1) The board may, in its discretion, issue a spirits, beer, and
22 wine restaurant license to a business which qualifies as a "restaurant"
23 as that term is defined in RCW 66.24.410 in all respects except that
24 the business does not serve the general public but, through membership
25 qualification, selectively restricts admission to the business. For
26 purposes of RCW 66.24.400 and 66.24.420, all licenses issued under this
27 section shall be considered spirits, beer, and wine restaurant licenses
28 and shall be subject to all requirements, fees, and qualifications in
29 this title, or in rules adopted by the board, as are applicable to
30 spirits, beer, and wine restaurant licenses generally except that no
31 service to the general public may be required.

32 (2) No license shall be issued under this section to a business:

33 (a) Which shall not have been in continuous operation for at least
34 one year immediately prior to the date of its application; or

35 (b) Which denies membership or admission to any person because of
36 race, creed, color, national origin, sex, or the presence of any
37 sensory, mental, or physical handicap.

1 (3) The board may issue an endorsement to the spirits, beer, and
2 wine restaurant license issued under this section that allows up to
3 forty nonclub, member-sponsored events using club liquor. Visitors and
4 guests may attend these events only by invitation of the sponsoring
5 member or members. These events may not be open to the general public.
6 The fee for the endorsement shall be an annual fee of nine hundred
7 dollars. Upon the board's request, the holder of the endorsement must
8 provide the board or the board's designee with the following
9 information at least seventy-two hours prior to the event: The date,
10 time, and location of the event; the name of the sponsor of the event;
11 and a brief description of the purpose of the event.

12 NEW SECTION. Sec. 16. RCW 66.24.300 (Refunds for taxes paid on
13 exported beer--Bond securing tax payment) and 1995 c 232 s 5, 1951 c 93
14 s 1, & 1937 c 217 s 2 are each repealed."

15 Correct the title.

EFFECT: This striking amendment makes the following changes:

(1) Provides for an endorsement to a spirits, beer and wine restaurant license issued to a business that serves qualified members and guests only. The endorsement allows the qualifying members to sponsor up to 40 nonclub events using club liquor. The endorsement fee is \$900 annually; and

(2) Removes an unnecessary reference and makes a technical correction.

--- END ---