
SENATE BILL 6310

State of Washington 57th Legislature

2002 Regular Session

By Senator Jacobsen

Read first time 01/15/2002. Referred to Committee on Labor, Commerce & Financial Institutions.

1 AN ACT Relating to strong beer; amending RCW 66.24.244, 66.24.250,
2 66.24.261, 66.24.270, 66.24.290, 66.24.320, 66.24.330, 66.24.371,
3 66.24.452, and 82.08.150; and providing an effective date.

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

5 **Sec. 1.** RCW 66.24.244 and 1998 c 126 s 3 are each amended to read
6 as follows:

7 (1) There shall be a license for microbreweries; fee to be one
8 hundred dollars for production of less than sixty thousand barrels of
9 malt liquor, including strong beer, per year.

10 (2) Any microbrewery license under this section may also act as a
11 distributor and/or retailer for beer and strong beer of its own
12 production. Any microbrewery operating as a distributor and/or
13 retailer under this subsection shall comply with the applicable laws
14 and rules relating to distributors and/or retailers.

15 (3) The board may issue an endorsement to this license allowing for
16 on-premises consumption of beer, including strong beer, wine, or both
17 of other manufacture if purchased from a Washington state-licensed
18 distributor. Each endorsement shall cost two hundred dollars per year,

1 or four hundred dollars per year allowing the sale and service of both
2 beer and wine.

3 (4) The microbrewer obtaining such endorsement must determine, at
4 the time the endorsement is issued, whether the licensed premises will
5 be operated either as a tavern with persons under twenty-one years of
6 age not allowed as provided for in RCW 66.24.330, or as a beer and/or
7 wine restaurant as described in RCW 66.24.320.

8 **Sec. 2.** RCW 66.24.250 and 1997 c 321 s 13 are each amended to read
9 as follows:

10 There shall be a license for beer distributors to sell beer and
11 strong beer, purchased from licensed Washington breweries, beer
12 certificate of approval holders (B5), licensed beer importers, or
13 suppliers of foreign beer located outside the state of Washington, to
14 licensed beer retailers and other beer distributors and to export same
15 from the state of Washington; fee six hundred sixty dollars per year
16 for each distributing unit.

17 **Sec. 3.** RCW 66.24.261 and 1997 c 321 s 14 are each amended to read
18 as follows:

19 There shall be a license for beer importers that authorizes the
20 licensee to import beer and strong beer manufactured within the United
21 States by certificate of approval holders (B5) into the state of
22 Washington. The licensee may also import beer and strong beer
23 manufactured outside the United States.

24 (1) Beer and strong beer so imported may be sold to licensed beer
25 distributors or exported from the state.

26 (2) Every person, firm, or corporation licensed as a beer importer
27 shall establish and maintain a principal office within the state at
28 which shall be kept proper records of all beer and strong beer imported
29 into the state under this license.

30 (3) No beer importer's license shall be granted to a nonresident of
31 the state nor to a corporation whose principal place of business is
32 outside the state until such applicant has established a principal
33 office and agent within the state upon which service can be made.

34 (4) As a requirement for license approval, a beer importer shall
35 enter into a written agreement with the board to furnish on or before
36 the twentieth day of each month, a report under oath, detailing the
37 quantity of beer and strong beer sold or delivered to each licensed

1 beer distributor. Failure to file such reports may result in the
2 suspension or cancellation of this license.

3 (5) Beer and strong beer imported under this license must conform
4 to the provisions of RCW 66.28.120 and have received label approval
5 from the board. The board shall not certify beer or strong beer
6 labeled with names which may be confused with other nonalcoholic
7 beverages whether manufactured or produced from a domestic brewery or
8 imported nor shall it certify beer or strong beer which fails to meet
9 quality standards established by the board.

10 (6) The license fee shall be one hundred sixty dollars per year.

11 **Sec. 4.** RCW 66.24.270 and 1997 c 321 s 15 are each amended to read
12 as follows:

13 (1) Every person, firm or corporation, holding a license to
14 manufacture malt liquors or strong beer within the state of Washington,
15 shall, on or before the twentieth day of each month, furnish to the
16 Washington state liquor control board, on a form to be prescribed by
17 the board, a statement showing the quantity of malt liquors and strong
18 beer sold for resale during the preceding calendar month to each beer
19 distributor within the state of Washington.

20 (2) A United States brewery or manufacturer of beer or strong beer,
21 located outside the state of Washington, must hold a certificate of
22 approval (B5) to allow sales and shipment of the certificate of
23 approval holder's beer or strong beer to licensed Washington beer
24 distributors or importers. The certificate of approval shall not be
25 granted unless and until such brewer or manufacturer of beer or strong
26 beer shall have made a written agreement with the board to furnish to
27 the board, on or before the twentieth day of each month, a report under
28 oath, on a form to be prescribed by the board, showing the quantity of
29 beer and strong beer sold or delivered to each licensed beer
30 distributor or importer during the preceding month, and shall further
31 have agreed with the board, that such brewer or manufacturer of beer or
32 strong beer and all general sales corporations or agencies maintained
33 by them, and all of their trade representatives, corporations, and
34 agencies, shall and will faithfully comply with all laws of the state
35 of Washington pertaining to the sale of intoxicating liquors and all
36 rules and regulations of the Washington state liquor control board. A
37 violation of the terms of this agreement will cause the board to take
38 action to suspend or revoke such certificate.

1 (3) The fee for the certificate of approval, issued pursuant to the
2 provisions of this title, shall be one hundred dollars per year, which
3 sum shall accompany the application for such certificate.

4 **Sec. 5.** RCW 66.24.290 and 1999 c 281 s 14 are each amended to read
5 as follows:

6 (1) Any microbrewer or domestic brewery or beer distributor
7 licensed under this title may sell and deliver beer and strong beer to
8 holders of authorized licenses direct, but to no other person, other
9 than the board; and every such brewery or beer distributor shall report
10 all sales to the board monthly, pursuant to the regulations, and shall
11 pay to the board as an added tax for the privilege of manufacturing and
12 selling the beer and strong beer within the state a tax of one dollar
13 and thirty cents per barrel of thirty-one gallons on sales to licensees
14 within the state and on sales to licensees within the state of bottled
15 and canned beer, including strong beer, shall pay a tax computed in
16 gallons at the rate of one dollar and thirty cents per barrel of
17 thirty-one gallons. Any brewery or beer distributor whose applicable
18 tax payment is not postmarked by the twentieth day following the month
19 of sale will be assessed a penalty at the rate of two percent per month
20 or fraction thereof. Beer and strong beer shall be sold by breweries
21 and distributors in sealed barrels or packages. The moneys collected
22 under this subsection shall be distributed as follows: (a) Three-
23 tenths of a percent shall be distributed to border areas under RCW
24 66.08.195; and (b) of the remaining moneys: (i) Twenty percent shall
25 be distributed to counties in the same manner as under RCW 66.08.200;
26 and (ii) eighty percent shall be distributed to incorporated cities and
27 towns in the same manner as under RCW 66.08.210.

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

34 (3)(a) An additional tax is imposed on all beer and strong beer
35 subject to tax under subsection (1) of this section. The additional
36 tax is equal to ninety-six cents per barrel of thirty-one gallons
37 through June 30, 1995, two dollars and thirty-nine cents per barrel of
38 thirty-one gallons for the period July 1, 1995, through June 30, 1997,

1 and four dollars and seventy-eight cents per barrel of thirty-one
2 gallons thereafter.

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

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

12 (4) An additional tax is imposed on all beer and strong beer that
13 is subject to tax under subsection (1) of this section that is in the
14 first sixty thousand barrels of beer and strong beer by breweries that
15 are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as
16 existing on July 1, 1993, or such subsequent date as may be provided by
17 the board by rule consistent with the purposes of the exemption under
18 subsection (3)(b) of this section. The additional tax is equal to one
19 dollar and forty-eight and two-tenths cents per barrel of thirty-one
20 gallons. By the twenty-fifth day of the following month, three percent
21 of the revenues collected from this additional tax shall be distributed
22 to border areas under RCW 66.08.195 and the remaining moneys shall be
23 transferred to the state general fund.

24 (5) The board may make refunds for all taxes paid on beer and
25 strong beer exported from the state for use outside the state.

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

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

33 **Sec. 6.** RCW 66.24.320 and 1998 c 126 s 4 are each amended to read
34 as follows:

35 There shall be a beer and/or wine restaurant license to sell beer,
36 including strong beer, or wine, or both, at retail, for consumption on
37 the premises. A patron of the licensee may remove from the premises,

1 recorked or recapped in its original container, any portion of wine
2 that was purchased for consumption with a meal.

3 (1) The annual fee shall be two hundred dollars for the beer
4 license, two hundred dollars for the wine license, or four hundred
5 dollars for a combination beer and wine license.

6 (2) The board may issue a caterer's endorsement to this license to
7 allow the licensee to remove from the liquor stocks at the licensed
8 premises, only those types of liquor that are authorized under the on-
9 premises license privileges for sale and service at special occasion
10 locations at a specified date and place not currently licensed by the
11 board. The privilege of selling and serving liquor under the
12 endorsement is limited to members and guests of a society or
13 organization as defined in RCW 66.24.375. Cost of the endorsement is
14 three hundred fifty dollars.

15 (a) The holder of this license with catering endorsement shall, if
16 requested by the board, notify the board or its designee of the date,
17 time, place, and location of any catered event. Upon request, the
18 licensee shall provide to the board all necessary or requested
19 information concerning the society or organization that will be holding
20 the function at which the endorsed license will be utilized.

21 (b) If attendance at the function will be limited to members and
22 invited guests of the sponsoring society or organization, the
23 requirement that the society or organization be within the definition
24 of RCW 66.24.375 is waived.

25 **Sec. 7.** RCW 66.24.330 and 1997 c 321 s 19 are each amended to read
26 as follows:

27 There shall be a beer and wine retailer's license to be designated
28 as a tavern license to sell beer, including strong beer, or wine, or
29 both, at retail, for consumption on the premises. Such licenses may be
30 issued only to a person operating a tavern that may be frequented only
31 by persons twenty-one years of age and older.

32 The annual fee for such license shall be two hundred dollars for
33 the beer license, two hundred dollars for the wine license, or four
34 hundred dollars for a combination beer and wine license. Licensees who
35 have a fee increase of more than one hundred dollars as a result of
36 this change shall have their fees increased fifty percent of the amount
37 the first renewal year and the remaining amount beginning with the

1 second renewal period. New licensees obtaining a license after July 1,
2 1998, shall pay the full amount of four hundred dollars.

3 **Sec. 8.** RCW 66.24.371 and 1997 c 321 s 23 are each amended to read
4 as follows:

5 (1) There shall be a beer and/or wine retailer's license to be
6 designated as a beer and/or wine specialty shop license to sell beer,
7 strong beer, and/or wine at retail in bottles, cans, and original
8 containers, not to be consumed upon the premises where sold, at any
9 store other than the state liquor stores. Licensees obtaining a
10 written endorsement from the board may also sell malt liquor in kegs or
11 other containers capable of holding less than five and one-half gallons
12 of liquid. The annual fee for the beer and/or wine specialty shop
13 license is one hundred dollars for each store.

14 (2) Licensees under this section may provide, free or for a charge,
15 single-serving samples of two ounces or less to customers for the
16 purpose of sales promotion. Sampling activities of licensees under
17 this section are subject to RCW 66.28.010 and 66.28.040 and the cost of
18 sampling under this section may not be borne, directly or indirectly,
19 by any manufacturer, importer, or distributor of liquor.

20 (3) The board shall issue a restricted beer and/or wine specialty
21 shop license, authorizing the licensee to sell beer and only table
22 wine, if the board finds upon issuance or renewal of the license that
23 the sale of strong beer or fortified wine would be against the public
24 interest. In determining the public interest, the board shall consider
25 at least the following factors:

26 (a) The likelihood that the applicant will sell strong beer or
27 fortified wine to persons who are intoxicated;

28 (b) Law enforcement problems in the vicinity of the applicant's
29 establishment that may arise from persons purchasing strong beer or
30 fortified wine at the establishment; and

31 (c) Whether the sale of strong beer or fortified wine would be
32 detrimental to or inconsistent with a government-operated or funded
33 alcohol treatment or detoxification program in the area.

34 If the board receives no evidence or objection that the sale of
35 strong beer or fortified wine would be against the public interest, it
36 shall issue or renew the license without restriction, as applicable.
37 The burden of establishing that the sale of strong beer or fortified

1 wine by the licensee would be against the public interest is on those
2 persons objecting.

3 (4) Licensees holding a beer and/or wine specialty shop license
4 must maintain a minimum three thousand dollar wholesale inventory of
5 beer, strong beer, and/or wine.

6 **Sec. 9.** RCW 66.24.452 and 2001 c 199 s 2 are each amended to read
7 as follows:

8 (1) There shall be a beer and wine license to be issued to a
9 private club for sale of beer, strong beer, and wine for on-premises
10 consumption.

11 (2) Beer, strong beer, and wine sold by the licensee may be on tap
12 or by open bottles or cans.

13 (3) The fee for the private club beer and wine license is one
14 hundred eighty dollars per year.

15 (4) The board may issue an endorsement to the private club beer and
16 wine license that allows the holder of a private club beer and wine
17 license to sell for off-premises consumption wine vinted and bottled in
18 the state of Washington and carrying a label exclusive to the license
19 holder selling the wine. Spirits, strong beer, and beer may not be
20 sold for off-premises consumption under this section. The annual fee
21 for the endorsement under this ((~~chapter~~ [section])) section is one
22 hundred twenty dollars.

23 **Sec. 10.** RCW 82.08.150 and 1998 c 126 s 16 are each amended to
24 read as follows:

25 (1) There is levied and shall be collected a tax upon each retail
26 sale of spirits((~~, or strong beer~~)) in the original package at the rate
27 of fifteen percent of the selling price. The tax imposed in this
28 subsection shall apply to all such sales including sales by the
29 Washington state liquor stores and agencies, but excluding sales to
30 spirits, beer, and wine restaurant licensees.

31 (2) There is levied and shall be collected a tax upon each sale of
32 spirits((~~, or strong beer~~)) in the original package at the rate of ten
33 percent of the selling price on sales by Washington state liquor stores
34 and agencies to spirits, beer, and wine restaurant licensees.

35 (3) There is levied and shall be collected an additional tax upon
36 each retail sale of spirits in the original package at the rate of one
37 dollar and seventy-two cents per liter. The additional tax imposed in

1 this subsection shall apply to all such sales including sales by
2 Washington state liquor stores and agencies, and including sales to
3 spirits, beer, and wine restaurant licensees.

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

7 (5) An additional tax is imposed upon each retail sale of spirits
8 in the original package at the rate of seven cents per liter. The
9 additional tax imposed in this subsection shall apply to all such sales
10 including sales by Washington state liquor stores and agencies, and
11 including sales to spirits, beer, and wine restaurant licensees. All
12 revenues collected during any month from this additional tax shall be
13 deposited in the violence reduction and drug enforcement account under
14 RCW 69.50.520 by the twenty-fifth day of the following month.

15 (6)(a) An additional tax is imposed upon retail sale of spirits in
16 the original package at the rate of one and seven-tenths percent of the
17 selling price through June 30, 1995, two and six-tenths percent of the
18 selling price for the period July 1, 1995, through June 30, 1997, and
19 three and four-tenths of the selling price thereafter. This additional
20 tax applies to all such sales including sales by Washington state
21 liquor stores and agencies, but excluding sales to spirits, beer, and
22 wine restaurant licensees.

23 (b) An additional tax is imposed upon retail sale of spirits in the
24 original package at the rate of one and one-tenth percent of the
25 selling price through June 30, 1995, one and seven-tenths percent of
26 the selling price for the period July 1, 1995, through June 30, 1997,
27 and two and three-tenths of the selling price thereafter. This
28 additional tax applies to all such sales to spirits, beer, and wine
29 restaurant licensees.

30 (c) An additional tax is imposed upon each retail sale of spirits
31 in the original package at the rate of twenty cents per liter through
32 June 30, 1995, thirty cents per liter for the period July 1, 1995,
33 through June 30, 1997, and forty-one cents per liter thereafter. This
34 additional tax applies to all such sales including sales by Washington
35 state liquor stores and agencies, and including sales to spirits, beer,
36 and wine restaurant licensees.

37 (d) All revenues collected during any month from additional taxes
38 under this subsection shall be deposited in the health services account

1 created under RCW 43.72.900 by the twenty-fifth day of the following
2 month.

3 (7) The tax imposed in RCW 82.08.020 shall not apply to sales of
4 spirits ((~~or strong beer~~)) in the original package.

5 (8) The taxes imposed in this section shall be paid by the buyer to
6 the seller, and each seller shall collect from the buyer the full
7 amount of the tax payable in respect to each taxable sale under this
8 section. The taxes required by this section to be collected by the
9 seller shall be stated separately from the selling price and for
10 purposes of determining the tax due from the buyer to the seller, it
11 shall be conclusively presumed that the selling price quoted in any
12 price list does not include the taxes imposed by this section.

13 (9) As used in this section, the terms, "spirits(~~(,"—"strong~~
14 ~~beer,~~)" and "package" shall have the meaning ascribed to them in
15 chapter 66.04 RCW.

16 NEW SECTION. **Sec. 11.** This act takes effect July 1, 2002.

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