

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 5644

63rd Legislature
2013 2nd Special Session

Passed by the Senate June 29, 2013
YEAS 41 NAYS 5

President of the Senate

Passed by the House June 29, 2013
YEAS 77 NAYS 5

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5644** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5644

Passed Legislature - 2013 2nd Special Session

State of Washington 63rd Legislature 2013 2nd Special Session

By Senate Commerce & Labor (originally sponsored by Senators Schoesler and Murray)

READ FIRST TIME 02/22/13.

1 AN ACT Relating to license issuance fees of former contract liquor
2 stores, former state store auction buyers, and spirits distributors;
3 amending RCW 66.24.055; adding a new section to chapter 66.24 RCW;
4 creating a new section; and declaring an emergency.

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

6 **Sec. 1.** RCW 66.24.055 and 2012 c 2 s 105 (Initiative Measure No.
7 1183) are each amended to read as follows:

8 (1) There is a license for spirits distributors to (a) sell spirits
9 purchased from manufacturers, distillers, or suppliers including,
10 without limitation, licensed Washington distilleries, licensed spirits
11 importers, other Washington spirits distributors, or suppliers of
12 foreign spirits located outside of the United States, to spirits
13 retailers including, without limitation, spirits retail licensees,
14 special occasion license holders, interstate common carrier license
15 holders, restaurant spirits retailer license holders, spirits, beer,
16 and wine private club license holders, hotel license holders, sports
17 entertainment facility license holders, and spirits, beer, and wine
18 nightclub license holders, and to other spirits distributors; and (b)
19 export the same from the state.

1 (2) By January 1, 2012, the board must issue spirits distributor
2 licenses to all applicants who, upon December 8, 2011, have the right
3 to purchase spirits from a spirits manufacturer, spirits distiller, or
4 other spirits supplier for resale in the state, or are agents of such
5 supplier authorized to sell to licensees in the state, unless the board
6 determines that issuance of a license to such applicant is not in the
7 public interest.

8 (3)(a) As limited by (b) of this subsection and subject to (c) of
9 this subsection, each spirits distributor licensee must pay to the
10 board, for deposit into the liquor revolving fund, a license issuance
11 fee calculated as follows:

12 (i) In each of the first (~~two years~~) twenty-seven months of
13 licensure, ten percent of the total revenue from all the licensee's
14 sales of spirits made during the (~~year~~) month for which the fee is
15 due, respectively; and

16 (ii) In the (~~third year~~) twenty-eighth month of licensure and
17 each (~~year~~) month thereafter, five percent of the total revenue from
18 all the licensee's sales of spirits made during the (~~year~~) month for
19 which the fee is due, respectively.

20 (b) The fee required under this subsection (3) is calculated only
21 on sales of items which the licensee was the first spirits distributor
22 in the state to have received:

23 (i) In the case of spirits manufactured in the state, from the
24 distiller; or

25 (ii) In the case of spirits manufactured outside the state, from an
26 authorized out-of-state supplier.

27 (c) By March 31, 2013, all persons holding spirits distributor
28 licenses on or before March 31, 2013, must have paid collectively one
29 hundred fifty million dollars or more in spirits distributor license
30 fees. If the collective payment through March 31, 2013, totals less
31 than one hundred fifty million dollars, the board must, according to
32 rules adopted by the board for the purpose, collect by May 31, 2013, as
33 additional spirits distributor license fees the difference between one
34 hundred fifty million dollars and the actual receipts, allocated among
35 persons holding spirits distributor licenses at any time on or before
36 March 31, 2013, ratably according to their spirits sales made during
37 calendar year 2012. Any amount by which such payments exceed one

1 hundred fifty million dollars by March 31, 2013, must be credited to
2 future license issuance fee obligations of spirits distributor
3 licensees according to rules adopted by the board.

4 (d) A retail licensee selling for resale must pay a distributor
5 license fee under the terms and conditions in this section on resales
6 of spirits the licensee has purchased on which no other distributor
7 license fee has been paid. The board must establish rules setting
8 forth the frequency and timing of such payments and reporting of sales
9 dollar volume by the licensee, with payments due quarterly in arrears.

10 (e) No spirits inventory may be subject to calculation of more than
11 a single spirits distributor license issuance fee.

12 (4) In addition to the payment set forth in subsection (3) of this
13 section, each spirits distributor licensee renewing its annual license
14 must pay an annual license renewal fee of one thousand three hundred
15 twenty dollars for each licensed location.

16 (5) There is no minimum facility size or capacity for spirits
17 distributor licenses, and no limit on the number of such licenses
18 issued to qualified applicants. License applicants must provide
19 physical security of the product that is substantially as effective as
20 the physical security of the distribution facilities currently operated
21 by the board with respect to preventing pilferage. License issuances
22 and renewals are subject to RCW 66.24.010 and the regulations
23 promulgated thereunder, including without limitation rights of cities,
24 towns, county legislative authorities, the public, churches, schools,
25 and public institutions to object to or prevent issuance of local
26 liquor licenses. However, existing distributor premises licensed to
27 sell beer and/or wine are deemed to be premises "now licensed" under
28 RCW 66.24.010(9)(a) for the purpose of processing applications for
29 spirits distributor licenses.

30 NEW SECTION. **Sec. 2.** The changes made in section 1 of this act
31 apply to spirits distributors licensed on or after January 1, 2012.

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

34 (1) Beginning on the effective date of this section, the license
35 issuance fee under RCW 66.24.630(4) does not apply to a spirits retail
36 licensee that was a contract liquor store manager with respect to sales

1 of spirits in original containers from the location of its spirits
2 retail licensed premises to retailers licensed to sell spirits for
3 consumption on the premises for resale at their licensed premises.

4 (2) Beginning on the effective date of this section, the license
5 issuance fee under RCW 66.24.630(4) does not apply to a spirits retail
6 licensee that was a former state store auction buyer, with respect to
7 sales of spirits in original containers from the location of its
8 spirits retail licensed premises to retailers licensed to sell spirits
9 for consumption on the premises for resale at their licensed premises.

10 (3) The exemptions created in this section attach to any successor,
11 by purchase or otherwise, to the spirits retail license, except that an
12 exemption does not attach to any such successor that owns, directly or
13 indirectly, any interest in a spirits retail license that is not
14 derived directly from a former contract liquor store manager or a
15 former state store auction buyer.

16 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and takes effect
19 immediately.

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