
SUBSTITUTE HOUSE BILL 2792

State of Washington

65th Legislature

2018 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Chapman and Blake)

READ FIRST TIME 02/02/18.

1 AN ACT Relating to spirits retailers; and amending RCW 66.24.630.

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

3 **Sec. 1.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read
4 as follows:

5 (1) There is a spirits retail license to: Sell spirits in
6 original containers to consumers for consumption off the licensed
7 premises and to permit holders; sell spirits in original containers
8 to retailers licensed to sell spirits for consumption on the
9 premises, for resale at their licensed premises according to the
10 terms of their licenses, although no single sale may exceed twenty-
11 four liters, unless the sale is by a licensee that was a contract
12 liquor store manager of a contract liquor store at the location of
13 its spirits retail licensed premises from which it makes such sales;
14 and export spirits.

15 (2) For the purposes of this title, a spirits retail license is a
16 retail license, and a sale by a spirits retailer is a retail sale
17 only if not for resale. Nothing in this title authorizes sales by on-
18 sale licensees to other retail licensees. The board must establish by
19 rule an obligation of on-sale spirits retailers to:

20 (a) Maintain a schedule by stock-keeping unit of all their
21 purchases of spirits from spirits retail licensees, including

1 combination spirits, beer, and wine licensees holding a license
2 issued pursuant to RCW 66.24.035, indicating the identity of the
3 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 licensee and the quantities of that scheduled item purchased
7 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 adopted thereunder, including without limitation
25 rights of cities, towns, county legislative authorities, the public,
26 churches, schools, and public institutions to object to or prevent
27 issuance of local liquor licenses. However, existing grocery premises
28 licensed to sell beer and/or wine are deemed to be premises "now
29 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
30 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 spirits retail license holder in the trade area
2 that the applicant proposes to serve, except as provided in (d) of
3 this subsection (3);

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

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

8 (d) The board may not deny a spirits retail license to an
9 applicant that is not a contract liquor store or operating rights
10 holder because there is a spirits retail license holder in the trade
11 area that the applicant proposes to serve if:

12 (i) The applicant's location is within a rural county, as defined
13 in RCW 82.14.370; and

14 (ii) At the time the application is submitted there is not a
15 spirits retail license holder within a fifteen mile travel distance
16 of the applicant's location.

17 (e) A retailer authorized to sell spirits for consumption on or
18 off the licensed premises may accept delivery of spirits at its
19 licensed premises, at another licensed premises as designated by the
20 retailer, or at one or more warehouse facilities registered with the
21 board, which facilities may also warehouse and distribute nonliquor
22 items, and from which the retailer may deliver to its own licensed
23 premises and, pursuant to sales permitted under subsection (1) of
24 this section:

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

27 (ii) To other registered facilities; or

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

32 ~~((e))~~ (f) For purposes of negotiating volume discounts, a group
33 of individual retailers authorized to sell spirits for consumption
34 off the licensed premises may accept delivery of spirits at their
35 individual licensed premises or at any one of the individual
36 licensee's premises, or at a warehouse facility registered with the
37 board.

38 (4)(a) Except as otherwise provided in RCW 66.24.632, or in (b)
39 of this subsection, each spirits retail licensee must pay to the
40 board, for deposit into the liquor revolving fund, a license issuance

1 fee equivalent to seventeen percent of all spirits sales revenues
2 under the license, exclusive of taxes collected by the licensee and
3 of sales of items on which a license fee payable under this section
4 has otherwise been incurred. The board must establish rules setting
5 forth the timing of such payments and reporting of sales dollar
6 volume by the licensee, with payments required quarterly in arrears.
7 The first payment is due October 1, 2012.

8 (b) This subsection (4) does not apply to craft distilleries.

9 (5) In addition to the payment required under subsection (4) of
10 this section, each licensee must pay an annual license renewal fee of
11 one hundred sixty-six dollars. The board must periodically review and
12 adjust the renewal fee as may be required to maintain it as
13 comparable to annual license renewal fees for licenses to sell beer
14 and wine not for consumption on the licensed premises. If required by
15 law at the time, any increase of the annual renewal fee becomes
16 effective only upon ratification by the legislature.

17 (6) As a condition to receiving and renewing a spirits retail
18 license the licensee must provide training as prescribed by the board
19 by rule for individuals who sell spirits or who manage others who
20 sell spirits regarding compliance with laws and regulations regarding
21 sale of spirits, including without limitation the prohibitions
22 against sale of spirits to individuals who are underage or visibly
23 intoxicated. The training must be provided before the individual
24 first engages in the sale of spirits and must be renewed at least
25 every five years. The licensee must maintain records documenting the
26 nature and frequency of the training provided. An employee training
27 program is presumptively sufficient if it incorporates a "responsible
28 vendor program" adopted by the board.

29 (7) The maximum penalties prescribed by the board in WAC
30 314-29-020 through 314-29-040 relating to fines and suspensions are
31 doubled for violations relating to the sale of spirits by spirits
32 retail licensees.

33 (8)(a) The board must adopt regulations concerning the adoption
34 and administration of a compliance training program for spirits
35 retail licensees, to be known as a "responsible vendor program," to
36 reduce underage drinking, encourage licensees to adopt specific best
37 practices to prevent sales to minors, and provide licensees with an
38 incentive to give their employees ongoing training in responsible
39 alcohol sales and service.

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

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

7 (d) To participate in the responsible vendor program, licensees
8 must submit an application form to the board. If the application
9 establishes that the licensee meets the qualifications to join the
10 program, the board must send the licensee a membership certificate.

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

13 (i) Provide ongoing training to employees;

14 (ii) Accept only certain forms of identification for alcohol
15 sales;

16 (iii) Adopt policies on alcohol sales and checking
17 identification;

18 (iv) Post specific signs in the business; and

19 (v) Keep records verifying compliance with the program's
20 requirements.

21 (f)(i) A spirits retail licensee that also holds a grocery store
22 license under RCW 66.24.360 or a beer and/or wine specialty shop
23 license under RCW 66.24.371 may, upon board approval and pursuant to
24 board rules, transition to a combination spirits, beer, and wine
25 license pursuant to RCW 66.24.035.

26 (ii) An applicant that would qualify for a spirits retail license
27 under this section and that qualifies for a combination spirits,
28 beer, and wine license pursuant to RCW 66.24.035 may apply for a
29 license pursuant to RCW 66.24.035 instead of applying for a spirits
30 retail license under this section.

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