
SUBSTITUTE SENATE BILL 5682

State of Washington

66th Legislature

2019 Regular Session

By Senate Labor & Commerce (originally sponsored by Senators King, Takko, Braun, Mullet, Walsh, and Wilson, L.)

READ FIRST TIME 02/19/19.

1 AN ACT Relating to allowing certain beer and wine license holders
2 to sell small amounts of spirits; and amending RCW 66.24.630 and
3 66.24.035.

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

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

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

17 (2) For the purposes of this title, a spirits retail license is a
18 retail license, and a sale by a spirits retailer is a retail sale
19 only if not for resale. Nothing in this title authorizes sales by on-
20 sale licensees to other retail licensees. The board must establish by
21 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, including
3 combination spirits, beer, and wine licensees holding a license
4 issued pursuant to RCW 66.24.035, indicating the identity of the
5 seller and the quantities purchased; and

6 (b) Provide, not more frequently than quarterly, a report for
7 each scheduled item containing the identity of the purchasing on-
8 premises licensee and the quantities of that scheduled item purchased
9 since any preceding report to:

10 (i) A distributor authorized by the distiller to distribute a
11 scheduled item in the on-sale licensee's geographic area; or

12 (ii) A distiller acting as distributor of the scheduled item in
13 the area.

14 (3)(a) Except as otherwise provided in (c) and (d) of this
15 subsection, the board may issue spirits retail licenses only for
16 premises comprising at least ten thousand square feet of fully
17 enclosed retail space within a single structure, including storerooms
18 and other interior auxiliary areas but excluding covered or fenced
19 exterior areas, whether or not attached to the structure, and only to
20 applicants that the board determines will maintain systems for
21 inventory management, employee training, employee supervision, and
22 physical security of the product substantially as effective as those
23 of stores currently operated by the board with respect to preventing
24 sales to or pilferage by underage or inebriated persons.

25 (b) License issuances and renewals are subject to RCW 66.24.010
26 and the regulations adopted thereunder, including without limitation
27 rights of cities, towns, county legislative authorities, the public,
28 churches, schools, and public institutions to object to or prevent
29 issuance of local liquor licenses. However, existing grocery premises
30 licensed to sell beer and/or wine are deemed to be premises "now
31 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
32 applications for spirits retail licenses.

33 (c) The board may not deny a spirits retail license to an
34 otherwise qualified contract liquor store (~~at its contract~~
35 ~~location~~) or to the holder of former state liquor store operating
36 rights sold at auction under RCW 66.24.620 on the grounds of
37 location, nature, or size of the premises to be licensed. The board
38 may not deny a spirits retail license to applicants that are not
39 contract liquor stores or operating rights holders on the grounds of

1 the size of the premises to be licensed, if such applicant is
2 otherwise qualified and the board determines that:

3 (i) There is no spirits retail license holder in the trade area
4 that the applicant proposes to serve;

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

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

9 (d) The board may issue a waiver to the ten thousand square foot
10 requirement in (a) of this subsection for grocery store license
11 holders who do not hold a spirits retail license under this section
12 allowing the store to sell spirits that are in their original
13 containers and are no more than three hundred seventy-five
14 milliliters in volume, if the following conditions are met:

15 (i) The grocery store:

16 (A) Is not part of an entity that has more than three stores; or

17 (B) Is not part of a chain, integrated enterprise, or franchise
18 associated with a franchisor or network of franchises that employ
19 more than one hundred employees in the aggregate;

20 (ii) The grocery store sells: Fresh meat, seafood, poultry, and
21 produce; deli products; and prepared dinners;

22 (iii) Spirits sold under this subsection must be kept behind a
23 counter where the public is not permitted or kept in a locked display
24 case so that a customer wanting access must ask an employee of the
25 license holder for assistance;

26 (iv) The grocery store is located in a city or town with a
27 population of less than thirty thousand or in an unincorporated area
28 of a county; and

29 (v) The grocery store is not located within seven and one-half
30 miles, measured by the shortest driving distance, of the premises of
31 a former contract liquor store or a holder of former state liquor
32 store operating rights that was active at that location as of January
33 1, 2019.

34 (e) Each grocery store license holder making sales of spirits as
35 authorized by (d) of this subsection must pay to the board, for
36 deposit into the liquor revolving fund, a fee equivalent to seventeen
37 percent of all spirits sales revenues, exclusive of taxes collected
38 by the licensee. The board must establish rules setting forth the
39 timing of such payments and reporting of sales dollar volume by the
40 licensee, with payments required quarterly in arrears.

1 (f) A retailer authorized to sell spirits for consumption on or
2 off the licensed premises may accept delivery of spirits at its
3 licensed premises, at another licensed premises as designated by the
4 retailer, or at one or more warehouse facilities registered with the
5 board, which facilities may also warehouse and distribute nonliquor
6 items, and from which the retailer may deliver to its own licensed
7 premises and, pursuant to sales permitted under subsection (1) of
8 this section:

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

11 (ii) To other registered facilities; or

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

16 ~~((e))~~ (g) For purposes of negotiating volume discounts, a group
17 of individual retailers authorized to sell spirits for consumption
18 off the licensed premises may accept delivery of spirits at their
19 individual licensed premises or at any one of the individual
20 licensee's premises, or at a warehouse facility registered with the
21 board.

22 (4) (a) Except as otherwise provided in RCW 66.24.632, or in (b)
23 of this subsection, each spirits retail licensee must pay to the
24 board, for deposit into the liquor revolving fund, a license issuance
25 fee equivalent to seventeen percent of all spirits sales revenues
26 under the license, exclusive of taxes collected by the licensee and
27 of sales of items on which a license fee payable under this section
28 has otherwise been incurred. The board must establish rules setting
29 forth the timing of such payments and reporting of sales dollar
30 volume by the licensee, with payments required quarterly in arrears.
31 ~~((The first payment is due October 1, 2012.))~~

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

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

1 (6) As a condition to receiving and renewing a spirits retail
2 license the licensee must provide training as prescribed by the board
3 by rule for individuals who sell spirits or who manage others who
4 sell spirits regarding compliance with laws and regulations regarding
5 sale of spirits, including without limitation the prohibitions
6 against sale of spirits to individuals who are underage or visibly
7 intoxicated. The training must be provided before the individual
8 first engages in the sale of spirits and must be renewed at least
9 every five years. The licensee must maintain records documenting the
10 nature and frequency of the training provided. An employee training
11 program is presumptively sufficient if it incorporates a "responsible
12 vendor program" adopted by the board.

13 (7) The maximum penalties prescribed by the board in WAC
14 314-29-020 through 314-29-040 relating to fines and suspensions are
15 doubled for violations relating to the sale of spirits by spirits
16 retail licensees.

17 (8)(a) The board must adopt regulations concerning the adoption
18 and administration of a compliance training program for spirits
19 retail licensees, to be known as a "responsible vendor program," to
20 reduce underage drinking, encourage licensees to adopt specific best
21 practices to prevent sales to minors, and provide licensees with an
22 incentive to give their employees ongoing training in responsible
23 alcohol sales and service.

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

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

30 (d) To participate in the responsible vendor program, licensees
31 must submit an application form to the board. If the application
32 establishes that the licensee meets the qualifications to join the
33 program, the board must send the licensee a membership certificate.

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

36 (i) Provide ongoing training to employees;

37 (ii) Accept only certain forms of identification for alcohol
38 sales;

39 (iii) Adopt policies on alcohol sales and checking
40 identification;

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

2 (v) Keep records verifying compliance with the program's
3 requirements.

4 (f)(i) A spirits retail licensee that also holds a grocery store
5 license under RCW 66.24.360 or a beer and/or wine specialty shop
6 license under RCW 66.24.371 may, upon board approval and pursuant to
7 board rules, transition to a combination spirits, beer, and wine
8 license pursuant to RCW 66.24.035.

9 (ii) An applicant that would qualify for a spirits retail license
10 under this section and that qualifies for a combination spirits,
11 beer, and wine license pursuant to RCW 66.24.035 may apply for a
12 license pursuant to RCW 66.24.035 instead of applying for a spirits
13 retail license under this section.

14 **Sec. 2.** RCW 66.24.035 and 2017 c 96 s 1 are each amended to read
15 as follows:

16 (1) There is a license called a combination spirits, beer, and
17 wine license, to sell wine and beer, including without limitation
18 strong beer, at retail in bottles, cans, and original containers, not
19 to be consumed upon the premises where sold, and to:

20 (a) Sell spirits in original containers to consumers for
21 consumption off the licensed premises and to permit holders;

22 (b) Sell spirits in original containers to retailers licensed to
23 sell spirits for consumption on the premises, for resale at their
24 licensed premises according to the terms of their licenses, although
25 no single sale may exceed twenty-four liters; and

26 (c) Export spirits.

27 (2) The annual fee for the combination spirits, beer, and wine
28 license is three hundred sixteen dollars for each store.

29 (3) For the purposes of this title, a combination spirits, beer,
30 and wine license is a retail license, and a sale by a combination
31 spirits, beer, and wine licensee is a retail sale only if not for
32 resale. Nothing in this title authorizes sales by on-premise
33 licensees to other retail licensees.

34 (4)(a) The board may issue a combination spirits, beer, and wine
35 license:

36 (i) For premises comprising at least ten thousand square feet of
37 fully enclosed retail space within a single structure, including
38 storerooms and other interior auxiliary areas but excluding covered
39 or fenced exterior areas, whether or not attached to the structure,

1 and only to applicants that the board determines will maintain
2 appropriate systems for inventory management, employee training,
3 employee supervision, and physical security of the product;

4 (ii) For premises of a former contract liquor store; or

5 (iii) To a holder of former state liquor store operating rights
6 sold at auction under RCW 66.24.620.

7 (b) License issuances and renewals are subject to RCW 66.24.010
8 and the regulations adopted thereunder including, without limitation,
9 rights of cities, towns, county legislative authorities, the public,
10 churches, schools, and public institutions to object to or prevent
11 issuance of local liquor licenses. However, existing grocery and
12 other retail premises over ten thousand square feet licensed to sell
13 beer and/or wine are deemed to be premises "now licensed" under RCW
14 66.24.010(9)(a) for the purpose of processing applications for
15 combination spirits, beer, and wine licenses.

16 (c) A retailer authorized to sell spirits for consumption on or
17 off the licensed premises may accept delivery of spirits and deliver
18 spirits in the same manner as is provided in RCW 66.24.630(3)(~~(d)~~)
19 (f).

20 (d) For purposes of negotiating volume discounts of spirits, a
21 group of individual retailers authorized to sell spirits for
22 consumption off the licensed premises may accept delivery of spirits
23 as provided in RCW 66.24.630(3)(~~(e)~~) (g).

24 (5) Each combination spirits, beer, and wine licensee must pay to
25 the board, for deposit into the liquor revolving fund, a license
26 issuance fee equivalent to the license issuance fee imposed on
27 licensees selling spirits pursuant to RCW 66.24.630(4)(a).

28 (6) The board may not issue a combined spirits, beer, and wine
29 license to an applicant if the applicant would qualify for a
30 restricted license as provided in RCW 66.24.371(4) or 66.24.360(7) if
31 the applicant had applied for a license under RCW 66.24.371 or
32 66.24.360 instead of pursuant to this section.

33 (7) As a condition to receiving and renewing a combination
34 spirits, beer, and wine license the licensee must comply with RCW
35 66.24.630(6).

36 (8) The maximum penalties prescribed by the board in WAC
37 314-29-020 through 314-29-040 relating to fines and suspensions are
38 doubled for violations relating to the sale of spirits by combination
39 spirits, beer, and wine licensees.

1 (9) (a) A combination spirits, beer, and wine licensee that joins
2 the responsible vendor program developed by the board pursuant to RCW
3 66.24.630(8) and maintains all of the program's requirements is not
4 subject to the doubling of penalties provided in this section for a
5 single violation in any period of twelve calendar months.

6 (b) To participate in the responsible vendor program, a
7 combination spirits, beer, and wine licensee must submit an
8 application form to the board. If the application establishes that
9 the combination spirits, beer, and wine licensee meets the
10 qualifications to join the program, the board must send the licensee
11 a membership certificate.

12 (c) A combination spirits, beer, and wine licensee participating
13 in the responsible vendor program must meet the requirements in RCW
14 66.24.630(8)(e) and comply with board rules adopted to implement RCW
15 66.24.630(8).

16 (10)(a) Any endorsement available to the holder of a license
17 issued pursuant to RCW 66.24.360 or 66.24.371 is available, upon
18 board approval and pursuant to board rules, to a combination spirits,
19 beer, and wine licensee, provided that the combination spirits, beer,
20 and wine licensee would qualify for a license and the endorsement
21 under RCW 66.24.360 or 66.24.371, as applicable, had the licensee
22 applied for a license and endorsement pursuant to RCW 66.24.360,
23 66.24.363, or 66.24.371, as applicable, instead of the combination
24 spirits, beer, and wine license pursuant to this section. A
25 combination spirits, beer, and wine licensee with an endorsement
26 issued pursuant to this subsection must comply with the requirements
27 of the endorsement to the same extent as if the endorsement was
28 issued pursuant to RCW 66.24.360, 66.24.363, or 66.24.371, as
29 applicable.

30 (b) A combination spirits, beer, and wine licensee may conduct
31 sampling in accordance with:

32 (i) RCW 66.24.371(2) if the combination spirits, beer, and wine
33 licensee would qualify for a license under RCW 66.24.371; or

34 (ii) RCW 66.24.363 if the combination spirits, beer, and wine
35 licensee would qualify for a license under RCW 66.24.360.

36 (11) Licensees holding a combination spirits, beer, and wine
37 license must maintain either:

38 (a) A minimum three thousand dollar inventory of food products
39 for human consumption, not including pop, beer, strong beer, wine, or
40 spirits; or

1 (b) A minimum three thousand dollar wholesale inventory of beer,
2 strong beer, and/or wine.

3 (12) A combination spirits, beer, and wine licensee holding a
4 snack bar license under RCW 66.24.350 may receive an endorsement to
5 allow the sale of confections containing more than one percent but
6 not more than ten percent alcohol by weight to persons twenty-one
7 years of age or older.

8 (13) The board may adopt rules to implement this section.

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