

SSB 5644 - S AMD 390

By Senators Holmquist Newbry, Harper

ADOPTED 06/29/2013

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 66.24.055 and 2012 c 2 s 105 (Initiative Measure No.  
4 1183) are each amended to read as follows:

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

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

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

28 (i) In each of the first (~~two years~~) twenty-seven months of  
29 licensure, ten percent of the total revenue from all the licensee's

1 sales of spirits made during the ((year)) month for which the fee is  
2 due, respectively; and

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

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

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

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

14 (c) By March 31, 2013, all persons holding spirits distributor  
15 licenses on or before March 31, 2013, must have paid collectively one  
16 hundred fifty million dollars or more in spirits distributor license  
17 fees. If the collective payment through March 31, 2013, totals less  
18 than one hundred fifty million dollars, the board must, according to  
19 rules adopted by the board for the purpose, collect by May 31, 2013, as  
20 additional spirits distributor license fees the difference between one  
21 hundred fifty million dollars and the actual receipts, allocated among  
22 persons holding spirits distributor licenses at any time on or before  
23 March 31, 2013, ratably according to their spirits sales made during  
24 calendar year 2012. Any amount by which such payments exceed one  
25 hundred fifty million dollars by March 31, 2013, must be credited to  
26 future license issuance fee obligations of spirits distributor  
27 licensees according to rules adopted by the board.

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

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

36 (4) In addition to the payment set forth in subsection (3) of this  
37 section, each spirits distributor licensee renewing its annual license

1 must pay an annual license renewal fee of one thousand three hundred  
2 twenty dollars for each licensed location.

3 (5) There is no minimum facility size or capacity for spirits  
4 distributor licenses, and no limit on the number of such licenses  
5 issued to qualified applicants. License applicants must provide  
6 physical security of the product that is substantially as effective as  
7 the physical security of the distribution facilities currently operated  
8 by the board with respect to preventing pilferage. License issuances  
9 and renewals are subject to RCW 66.24.010 and the regulations  
10 promulgated thereunder, including without limitation rights of cities,  
11 towns, county legislative authorities, the public, churches, schools,  
12 and public institutions to object to or prevent issuance of local  
13 liquor licenses. However, existing distributor premises licensed to  
14 sell beer and/or wine are deemed to be premises "now licensed" under  
15 RCW 66.24.010(9)(a) for the purpose of processing applications for  
16 spirits distributor licenses.

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

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

21 (1) Beginning on the effective date of this section, the license  
22 issuance fee under RCW 66.24.630(4) does not apply to a spirits retail  
23 licensee that was a contract liquor store manager with respect to sales  
24 of spirits in original containers from the location of its spirits  
25 retail licensed premises to retailers licensed to sell spirits for  
26 consumption on the premises for resale at their licensed premises.

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

33 (3) The exemptions created in this section attach to any successor,  
34 by purchase or otherwise, to the spirits retail license, except that an  
35 exemption does not attach to any such successor that owns, directly or

1 indirectly, any interest in a spirits retail license that is not  
2 derived directly from a former contract liquor store manager or a  
3 former state store auction buyer.

4 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
5 preservation of the public peace, health, or safety, or support of the  
6 state government and its existing public institutions, and takes effect  
7 immediately."

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8 On page 1, line 1 of the title, after "Relating to" strike the  
9 remainder of the title and insert "license issuance fees of former  
10 contract liquor stores, former state store auction buyers, and spirits  
11 distributors; amending RCW 66.24.055; adding a new section to chapter  
12 66.24 RCW; creating a new section; and declaring an emergency."

EFFECT: Provides that the spirits distributors must pay the 10  
percent license issuance fee for an additional 3 months (a total of 27  
months instead of the original 24 months) and the reduction to the 5  
percent license issuance fee occurs at the 28th month.

Effective immediately, the 17 percent license issuance fee does not  
apply to former state contract liquor stores and former state liquor  
stores bought at auction, with respect to sales of spirits to  
restaurants and bars.

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