

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1807**

Chapter 186, Laws of 2015

64th Legislature  
2015 Regular Session

SPIRITS--SALE--SMALL BUSINESSES

EFFECTIVE DATE: 7/24/2015

Passed by the House April 24, 2015  
Yeas 98 Nays 0

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate April 15, 2015  
Yeas 48 Nays 1

BRAD OWEN

**President of the Senate**

Approved May 7, 2015 2:48 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1807** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

**Chief Clerk**

FILED

May 7, 2015

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1807

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AS AMENDED BY THE SENATE

Passed Legislature - 2015 Regular Session

**State of Washington**                      **64th Legislature**                      **2015 Regular Session**

**By** House Appropriations (originally sponsored by Representatives  
Condotta and Hurst)

READ FIRST TIME 02/27/15.

1            AN ACT Relating to assisting small businesses licensed to sell  
2 spirits in Washington state; amending RCW 66.24.630; and adding a new  
3 section to chapter 66.28 RCW.

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

5            **Sec. 1.** RCW 66.24.630 and 2012 2nd sp.s. c 6 s 401 are each  
6 amended to read 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, indicating the  
3 identity of the 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 (~~on-premises~~) licensee and the quantities of that  
7 scheduled item purchased 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 promulgated thereunder, including without  
25 limitation rights of cities, towns, county legislative authorities,  
26 the public, churches, schools, and public institutions to object to  
27 or prevent issuance of local liquor licenses. However, existing  
28 grocery premises licensed to sell beer and/or wine are deemed to be  
29 premises "now licensed" under RCW 66.24.010(9)(a) for the purpose of  
30 processing 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 (~~retail~~) spirits retail license holder in the  
2 trade area that the applicant proposes to serve;

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

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

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

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

17 (ii) To other registered facilities; or

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

22 (e) For purposes of negotiating volume discounts, a group of  
23 individual retailers authorized to sell spirits for consumption off  
24 the licensed premises may accept delivery of spirits at their  
25 individual licensed premises or at any one of the individual  
26 licensee's premises, or at a warehouse facility registered with the  
27 board.

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

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

39 (5) In addition to the payment required under subsection (4) of  
40 this section, each licensee must pay an annual license renewal fee of

1 one hundred sixty-six dollars. The board must periodically review and  
2 adjust the renewal fee as may be required to maintain it as  
3 comparable to annual license renewal fees for licenses to sell beer  
4 and wine not for consumption on the licensed premises. If required by  
5 law at the time, any increase of the annual renewal fee becomes  
6 effective only upon ratification by the legislature.

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

19 (7) The maximum penalties prescribed by the board in WAC  
20 314-29-020 through 314-29-040 relating to fines and suspensions are  
21 doubled for violations relating to the sale of spirits by (~~retail~~)  
22 spirits retail licensees.

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

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

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

36 (d) To participate in the responsible vendor program, licensees  
37 must submit an application form to the board. If the application  
38 establishes that the licensee meets the qualifications to join the  
39 program, the board must send the licensee a membership certificate.

1 (e) A licensee participating in the responsible vendor program  
2 must at a minimum:  
3 (i) Provide ongoing training to employees;  
4 (ii) Accept only certain forms of identification for alcohol  
5 sales;  
6 (iii) Adopt policies on alcohol sales and checking  
7 identification;  
8 (iv) Post specific signs in the business; and  
9 (v) Keep records verifying compliance with the program's  
10 requirements.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 66.28  
12 RCW to read as follows:

13 If a licensee subject to the license issuance fee requirements of  
14 RCW 66.24.630(4) fails to submit its quarterly reports or payment to  
15 the board, the board may assess a penalty at a rate no higher than  
16 one percent per month on the balance of the unpaid license issuance  
17 fee.

Passed by the House April 24, 2015.  
Passed by the Senate April 15, 2015.  
Approved by the Governor May 7, 2015.  
Filed in Office of Secretary of State May 7, 2015.

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