

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE HOUSE BILL 1557

Chapter 370, Laws of 2019

66th Legislature
2019 Regular Session

LIQUOR LICENSING PROCESS--LICENSE ISSUANCE--VARIOUS PROVISIONS

EFFECTIVE DATE: January 1, 2020

Passed by the House March 11, 2019
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 15, 2019
Yeas 48 Nays 0

CYRUS HABIB

President of the Senate

Approved May 13, 2019 3:49 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1557** as passed by House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 16, 2019

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1557

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives MacEwen and Stanford)

READ FIRST TIME 02/07/19.

1 AN ACT Relating to updating the liquor licensing process for
2 annual licenses to address issues typically occurring between the
3 time an applicant submits an application through the first renewal;
4 amending RCW 66.24.010; and providing an effective date.

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

6 **Sec. 1.** RCW 66.24.010 and 2012 c 39 s 4 are each amended to read
7 as follows:

8 (1) Every license must be issued in the name of the applicant,
9 and the holder thereof may not allow any other person to use the
10 license.

11 (2) For the purpose of considering any application for a license,
12 or the renewal of a license, the board may cause an inspection of the
13 premises to be made, and may inquire into all matters in connection
14 with the construction and operation of the premises. For the purpose
15 of reviewing any application for a license and for considering the
16 denial, suspension, revocation, or renewal or denial thereof, of any
17 license, the ((liquor control)) board may consider any prior criminal
18 conduct of the applicant including an administrative violation
19 history record with the board and a criminal history record
20 information check. The board may submit the criminal history record
21 information check to the Washington state patrol and to the

1 identification division of the federal bureau of investigation in
2 order that these agencies may search their records for prior arrests
3 and convictions of the individual or individuals who filled out the
4 forms. The board must require fingerprinting of any applicant whose
5 criminal history record information check is submitted to the federal
6 bureau of investigation. The provisions of RCW 9.95.240 and of
7 chapter 9.96A RCW do not apply to such cases. Subject to the
8 provisions of this section, the board may, in its discretion, grant
9 or deny the renewal or license applied for. Denial may be based on,
10 without limitation, the existence of chronic illegal activity
11 documented in objections submitted pursuant to subsections (8)(d) and
12 (12) of this section. Authority to approve an uncontested or
13 unopposed license may be granted by the board to any staff member the
14 board designates in writing. Conditions for granting such authority
15 must be adopted by rule. No retail license of any kind may be issued
16 to:

17 (a) A person doing business as a sole proprietor who has not
18 resided in the state for at least one month prior to receiving a
19 license, except in cases of licenses issued to dining places on
20 railroads, boats, or aircraft;

21 (b) A copartnership, unless all of the members thereof are
22 qualified to obtain a license, as provided in this section;

23 (c) A person whose place of business is conducted by a manager or
24 agent, unless such manager or agent possesses the same qualifications
25 required of the licensee;

26 (d) A corporation or a limited liability company, unless it was
27 created under the laws of the state of Washington or holds a
28 certificate of authority to transact business in the state of
29 Washington.

30 (3)(a) The board may, in its discretion, subject to the
31 provisions of RCW 66.08.150, suspend or cancel any license; and all
32 rights of the licensee to keep or sell liquor thereunder must be
33 suspended or terminated, as the case may be.

34 (b) The board must immediately suspend the license or certificate
35 of a person who has been certified pursuant to RCW 74.20A.320 by the
36 department of social and health services as a person who is not in
37 compliance with a support order. If the person has continued to meet
38 all other requirements for reinstatement during the suspension,
39 reissuance of the license or certificate is automatic upon the
40 board's receipt of a release issued by the department of social and

1 health services stating that the licensee is in compliance with the
2 order.

3 (c) Upon written notification by the department of revenue in
4 accordance with RCW 82.08.155 that a person is more than thirty days
5 delinquent in reporting or remitting spirits taxes to the department,
6 the board must suspend all spirits licenses held by that person. The
7 board must also refuse to renew any existing spirits license of, or
8 issue any new spirits license to, the person or any other applicant
9 controlled directly or indirectly by that person. The board may not
10 reinstate a person's spirits license or renew or issue a new spirits
11 license to that person, or an applicant controlled directly or
12 indirectly by that person, until such time as the department of
13 revenue notifies the board that the person is current in reporting
14 and remitting spirits taxes or that the department consents to the
15 reinstatement or renewal of the person's spirits license or the
16 issuance of a new spirits license to the person. For purposes of this
17 section: (i) "Spirits license" means any license issued by the board
18 under the authority of this chapter that authorizes the licensee to
19 sell spirits; and (ii) "spirits taxes" has the same meaning as in RCW
20 82.08.155.

21 (d) The board may request the appointment of administrative law
22 judges under chapter 34.12 RCW who must have power to administer
23 oaths, issue subpoenas for the attendance of witnesses and the
24 production of papers, books, accounts, documents, and testimony,
25 examine witnesses, and to receive testimony in any inquiry,
26 investigation, hearing, or proceeding in any part of the state, under
27 such rules and regulations as the board may adopt.

28 (e) Witnesses are allowed fees and mileage each way to and from
29 any such inquiry, investigation, hearing, or proceeding at the rate
30 authorized by RCW 34.05.446. Fees need not be paid in advance of
31 appearance of witnesses to testify or to produce books, records, or
32 other legal evidence.

33 (f) In case of disobedience of any person to comply with the
34 order of the board or a subpoena issued by the board, or any of its
35 members, or administrative law judges, or on the refusal of a witness
36 to testify to any matter regarding which he or she may be lawfully
37 interrogated, the judge of the superior court of the county in which
38 the person resides, on application of any member of the board or
39 administrative law judge, must compel obedience by contempt

1 proceedings, as in the case of disobedience of the requirements of a
2 subpoena issued from said court or a refusal to testify therein.

3 (4) Upon receipt of notice of the suspension or cancellation of a
4 license, the licensee must forthwith deliver up the license to the
5 board. Where the license has been suspended only, the board must
6 return the license to the licensee at the expiration or termination
7 of the period of suspension. The board must notify all vendors in the
8 city or place where the licensee has its premises of the suspension
9 or cancellation of the license; and no employee may allow or cause
10 any liquor to be delivered to or for any person at the premises of
11 that licensee.

12 (5) (a) (~~(At the time of)~~) For the original issuance of a
13 (~~(spirits, beer, and wine restaurant)~~) liquor license, including the
14 approval of a conditional license as provided in (b) of this
15 subsection, the board must (~~(prorate the license fee charged to the~~
16 ~~new licensee according to the number of calendar quarters, or portion~~
17 ~~thereof, remaining until the first renewal of that license is~~
18 ~~required.~~

19 ~~(b) Unless sooner canceled, every license issued by the board~~
20 ~~must expire at midnight of the thirtieth day of June of the fiscal~~
21 ~~year for which it was issued. However, if the board deems it feasible~~
22 ~~and desirable to do so, it may establish, by rule pursuant to chapter~~
23 ~~34.05 RCW, a system for staggering the annual renewal dates for any~~
24 ~~and all licenses authorized by this chapter. If such a system of~~
25 ~~staggered annual renewal dates is established by the board, the~~
26 ~~license fees provided by this chapter must be appropriately prorated~~
27 ~~during the first year that the system is in effect.)) set the~~
28 expiration date of the license to the last day of the calendar month
29 that is twelve months from the calendar month in which final approval
30 of the license is granted. Upon renewal, the expiration date of the
31 license, including licenses approved under (b) of this subsection,
32 may subsequently be prorated as necessary in accordance with chapter
33 19.02 RCW.

34 (b) (i) When an applicant for a liquor license is qualified for
35 approval of the license in every way except having executed a lease
36 or purchase agreement for the proposed licensed premises, the board
37 must grant conditional approval to the applicant.

38 (ii) Upon notification to the board of execution of the lease or
39 purchase agreement putting the applicant in control of the premises,
40 the board must immediately grant final approval of the license

1 issuance, and the licensee may immediately begin exercising all
2 privileges provided under the license, except as otherwise provided
3 under this title.

4 (iii) For the purposes of this title, the term "license" includes
5 "conditional license."

6 (6) Every license issued under this section is subject to all
7 conditions and restrictions imposed by this title or by rules adopted
8 by the board. All conditions and restrictions imposed by the board in
9 the issuance of an individual license may be listed on the face of
10 the individual license along with the trade name, address, and
11 expiration date. Conditions and restrictions imposed by the board may
12 also be included in official correspondence separate from the
13 license. All spirits licenses are subject to the condition that the
14 spirits license holder must report and remit to the department of
15 revenue all spirits taxes by the date due.

16 (7) Every licensee must post and keep posted its license, or
17 licenses, and any additional correspondence containing conditions and
18 restrictions imposed by the board in a conspicuous place on the
19 premises.

20 (8) (a) Unless (b) of this subsection applies, before the board
21 issues a new or renewal license to an applicant it must give notice
22 of such application to the chief executive officer of the
23 incorporated city or town, if the application is for a license within
24 an incorporated city or town, or to the county legislative authority,
25 if the application is for a license outside the boundaries of
26 incorporated cities or towns.

27 (b) If the application for a special occasion license is for an
28 event held during a county, district, or area fair as defined by RCW
29 15.76.120, and the county, district, or area fair is located on
30 property owned by the county but located within an incorporated city
31 or town, the county legislative authority must be the entity notified
32 by the board under (a) of this subsection. The board must send a
33 duplicate notice to the incorporated city or town within which the
34 fair is located.

35 (c) The incorporated city or town through the official or
36 employee selected by it, or the county legislative authority or the
37 official or employee selected by it, has the right to file with the
38 board within twenty days after the date of transmittal of such notice
39 for applications, or at least thirty days prior to the expiration
40 date for renewals, written objections against the applicant or

1 against the premises for which the new or renewal license is asked.
2 The board may extend the time period for submitting written
3 objections.

4 (d) The written objections must include a statement of all facts
5 upon which such objections are based, and in case written objections
6 are filed, the city or town or county legislative authority may
7 request and the ((~~liquor control~~)) board may in its discretion hold a
8 hearing subject to the applicable provisions of Title 34 RCW. If the
9 board makes an initial decision to deny a license or renewal based on
10 the written objections of an incorporated city or town or county
11 legislative authority, the applicant may request a hearing subject to
12 the applicable provisions of Title 34 RCW. If such a hearing is held
13 at the request of the applicant, ((~~liquor control~~)) board
14 representatives must present and defend the board's initial decision
15 to deny a license or renewal.

16 (e) Upon the granting of a license under this title the board
17 must send written notification to the chief executive officer of the
18 incorporated city or town in which the license is granted, or to the
19 county legislative authority if the license is granted outside the
20 boundaries of incorporated cities or towns. When the license is for a
21 special occasion license for an event held during a county, district,
22 or area fair as defined by RCW 15.76.120, and the county, district,
23 or area fair is located on county-owned property but located within
24 an incorporated city or town, the written notification must be sent
25 to both the incorporated city or town and the county legislative
26 authority.

27 (9) (a) Before the board issues any license to any applicant, it
28 shall give (i) due consideration to the location of the business to
29 be conducted under such license with respect to the proximity of
30 churches, schools, and public institutions and (ii) written notice,
31 with receipt verification, of the application to public institutions
32 identified by the board as appropriate to receive such notice,
33 churches, and schools within five hundred feet of the premises to be
34 licensed. The board may not issue a liquor license for either on-
35 premises or off-premises consumption covering any premises not now
36 licensed, if such premises are within five hundred feet of the
37 premises of any tax-supported public elementary or secondary school
38 measured along the most direct route over or across established
39 public walks, streets, or other public passageway from the main
40 entrance of the school to the nearest public entrance of the premises

1 proposed for license, and if, after receipt by the school of the
2 notice as provided in this subsection, the board receives written
3 objection, within twenty days after receiving such notice, from an
4 official representative or representatives of the school within five
5 hundred feet of said proposed licensed premises, indicating to the
6 board that there is an objection to the issuance of such license
7 because of proximity to a school. The board may extend the time
8 period for submitting objections. For the purpose of this section,
9 "church" means a building erected for and used exclusively for
10 religious worship and schooling or other activity in connection
11 therewith. For the purpose of this section, "public institution"
12 means institutions of higher education, parks, community centers,
13 libraries, and transit centers.

14 (b) No liquor license may be issued or reissued by the board to
15 any motor sports facility or licensee operating within the motor
16 sports facility unless the motor sports facility enforces a program
17 reasonably calculated to prevent alcohol or alcoholic beverages not
18 purchased within the facility from entering the facility and such
19 program is approved by local law enforcement agencies.

20 (c) It is the intent under this subsection (9) that a retail
21 license may not be issued by the board where doing so would, in the
22 judgment of the board, adversely affect a private school meeting the
23 requirements for private schools under Title 28A RCW, which school is
24 within five hundred feet of the proposed licensee. The board must
25 fully consider and give substantial weight to objections filed by
26 private schools. If a license is issued despite the proximity of a
27 private school, the board must state in a letter addressed to the
28 private school the board's reasons for issuing the license.

29 (10) The restrictions set forth in subsection (9) of this section
30 do not prohibit the board from authorizing the assumption of existing
31 licenses now located within the restricted area by other persons or
32 licenses or relocations of existing licensed premises within the
33 restricted area. In no case may the licensed premises be moved closer
34 to a church or school than it was before the assumption or
35 relocation.

36 (11)(a) Nothing in this section prohibits the board, in its
37 discretion, from issuing a temporary retail or distributor license to
38 an applicant to operate the retail or distributor premises during the
39 period the application for the license is pending. The board may
40 establish a fee for a temporary license by rule.

1 (b) A temporary license issued by the board under this section
2 must be for a period not to exceed sixty days. A temporary license
3 may be extended at the discretion of the board for additional periods
4 of sixty days upon payment of an additional fee and upon compliance
5 with all conditions required in this section.

6 (c) Refusal by the board to issue or extend a temporary license
7 shall not entitle the applicant to request a hearing. A temporary
8 license may be canceled or suspended summarily at any time if the
9 board determines that good cause for cancellation or suspension
10 exists. RCW 66.08.130 applies to temporary licenses.

11 (d) Application for a temporary license must be on such form as
12 the board shall prescribe. If an application for a temporary license
13 is withdrawn before issuance or is refused by the board, the fee
14 which accompanied such application must be refunded in full.

15 (12) In determining whether to grant or deny a license or renewal
16 of any license, the board must give substantial weight to objections
17 from an incorporated city or town or county legislative authority
18 based upon chronic illegal activity associated with the applicant's
19 operations of the premises proposed to be licensed or the applicant's
20 operation of any other licensed premises, or the conduct of the
21 applicant's patrons inside or outside the licensed premises. "Chronic
22 illegal activity" means (a) a pervasive pattern of activity that
23 threatens the public health, safety, and welfare of the city, town,
24 or county including, but not limited to, open container violations,
25 assaults, disturbances, disorderly conduct, or other criminal law
26 violations, or as documented in crime statistics, police reports,
27 emergency medical response data, calls for service, field data, or
28 similar records of a law enforcement agency for the city, town,
29 county, or any other municipal corporation or any state agency; or
30 (b) an unreasonably high number of citations for violations of RCW
31 46.61.502 associated with the applicant's or licensee's operation of
32 any licensed premises as indicated by the reported statements given
33 to law enforcement upon arrest.

34 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2020.

Passed by the House March 11, 2019.
Passed by the Senate April 15, 2019.
Approved by the Governor May 13, 2019.
Filed in Office of Secretary of State May 16, 2019.

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