
SENATE BILL 5511

State of Washington

69th Legislature

2025 Regular Session

By Senator King

1 AN ACT Relating to low-proof alcoholic beverages; amending RCW
2 66.04.010, 66.24.630, 66.24.055, and 82.08.150; and adding a new
3 section to chapter 66.24 RCW.

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

5 **Sec. 1.** RCW 66.04.010 and 2023 c 279 s 2 are each amended to
6 read as follows:

7 In this title, unless the context otherwise requires:

8 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
9 oxide of ethyl, or spirit of wine, which is commonly produced by the
10 fermentation or distillation of grain, starch, molasses, or sugar, or
11 other substances including all dilutions and mixtures of this
12 substance. The term "alcohol" does not include alcohol in the
13 possession of a manufacturer or distiller of alcohol fuel, as
14 described in RCW 66.12.130, which is intended to be denatured and
15 used as a fuel for use in motor vehicles, farm implements, and
16 machines or implements of husbandry.

17 (2) "Authorized representative" means a person who:

18 (a) Is required to have a federal basic permit issued pursuant to
19 the federal alcohol administration act, 27 U.S.C. Sec. 204;

20 (b) Has its business located in the United States outside of the
21 state of Washington;

1 (c) Acquires ownership of beer or wine for transportation into
2 and resale in the state of Washington; and which beer or wine is
3 produced by a brewery or winery in the United States outside of the
4 state of Washington; and

5 (d) Is appointed by the brewery or winery referenced in (c) of
6 this subsection as its authorized representative for marketing and
7 selling its products within the United States in accordance with a
8 written agreement between the authorized representative and such
9 brewery or winery pursuant to this title.

10 (3) "Beer" means any malt beverage, flavored malt beverage, or
11 malt liquor as these terms are defined in this chapter.

12 (4) "Beer distributor" means a person who buys beer from a
13 domestic brewery, microbrewery, beer certificate of approval holder,
14 or beer importers, or who acquires foreign produced beer from a
15 source outside of the United States, for the purpose of selling the
16 same pursuant to this title, or who represents such brewer or brewery
17 as agent.

18 (5) "Beer importer" means a person or business within Washington
19 who purchases beer from a beer certificate of approval holder or who
20 acquires foreign produced beer from a source outside of the United
21 States for the purpose of selling the same pursuant to this title.

22 (6) "Board" means the liquor and cannabis board, constituted
23 under this title.

24 (7) "Brewer" or "brewery" means any person engaged in the
25 business of manufacturing beer and malt liquor. Brewer includes a
26 brand owner of malt beverages who holds a brewer's notice with the
27 federal bureau of alcohol, tobacco, and firearms at a location
28 outside the state and whose malt beverage is contract-produced by a
29 licensed in-state brewery, and who may exercise within the state,
30 under a domestic brewery license, only the privileges of storing,
31 selling to licensed beer distributors, and exporting beer from the
32 state.

33 (8) "Club" means an organization of persons, incorporated or
34 unincorporated, operated solely for fraternal, benevolent,
35 educational, athletic, or social purposes, and not for pecuniary
36 gain.

37 (9) "Confection" means a preparation of sugar, honey, or other
38 natural or artificial sweeteners in combination with chocolate,
39 fruits, nuts, dairy products, or flavorings, in the form of bars,
40 drops, or pieces.

- 1 (10) "Consume" includes the putting of liquor to any use, whether
2 by drinking or otherwise.
- 3 (11) "Contract liquor store" means a business that sells liquor
4 on behalf of the board through a contract with a contract liquor
5 store manager.
- 6 (12) "Craft distillery" means a distillery that pays the reduced
7 licensing fee under RCW 66.24.140.
- 8 (13) "Delivery" means the transportation of alcohol to an
9 individual located within Washington state from a licensed location
10 holding an alcohol delivery endorsement as part of a delivery order.
11 "Delivery" does not include services provided by common carriers.
- 12 (14) "Dentist" means a practitioner of dentistry duly and
13 regularly licensed and engaged in the practice of his or her
14 profession within the state pursuant to chapter 18.32 RCW.
- 15 (15) "Distiller" means a person engaged in the business of
16 distilling spirits.
- 17 (16) "Domestic brewery" means a place where beer and malt liquor
18 are manufactured or produced by a brewer within the state.
- 19 (17) "Domestic winery" means a place where wines are manufactured
20 or produced within the state of Washington.
- 21 (18) "Drug store" means a place whose principal business is, the
22 sale of drugs, medicines, and pharmaceutical preparations and
23 maintains a regular prescription department and employs a registered
24 pharmacist during all hours the drug store is open.
- 25 (19) "Druggist" means any person who holds a valid certificate
26 and is a registered pharmacist and is duly and regularly engaged in
27 carrying on the business of pharmaceutical chemistry pursuant to
28 chapter 18.64 RCW.
- 29 (20) "Employee" means any person employed by the board.
- 30 (21) "Flavored malt beverage" means:
- 31 (a) A malt beverage containing six percent or less alcohol by
32 volume to which flavoring or other added nonbeverage ingredients are
33 added that contain distilled spirits of not more than (~~forty-nine~~)
34 49 percent of the beverage's overall alcohol content; or
- 35 (b) A malt beverage containing more than six percent alcohol by
36 volume to which flavoring or other added nonbeverage ingredients are
37 added that contain distilled spirits of not more than (~~one and~~
38 ~~one-half~~) 1.5 percent of the beverage's overall alcohol content.
- 39 (22) "Fund" means 'liquor revolving fund.'

1 (23) "Hotel" means buildings, structures, and grounds, having
2 facilities for preparing, cooking, and serving food, that are kept,
3 used, maintained, advertised, or held out to the public to be a place
4 where food is served and sleeping accommodations are offered for pay
5 to transient guests, in which (~~(twenty)~~) 20 or more rooms are used
6 for the sleeping accommodation of such transient guests. The
7 buildings, structures, and grounds must be located on adjacent
8 property either owned or leased by the same person or persons.

9 (24) "Importer" means a person who buys distilled spirits from a
10 distillery outside the state of Washington and imports such
11 spirituous liquor into the state for sale to the board or for export.

12 (25) "Imprisonment" means confinement in the county jail.

13 (26) "Liquor" includes the four varieties of liquor herein
14 defined (alcohol, spirits, wine, and beer), and all fermented,
15 spirituous, vinous, or malt liquor, or combinations thereof, and
16 mixed liquor, a part of which is fermented, spirituous, vinous or
17 malt liquor, or otherwise intoxicating; and every liquid or solid or
18 semisolid or other substance, patented or not, containing alcohol,
19 spirits, wine, or beer, and all drinks or drinkable liquids and all
20 preparations or mixtures capable of human consumption, and any
21 liquid, semisolid, solid, or other substance, which contains more
22 than one percent of alcohol by weight shall be conclusively deemed to
23 be intoxicating. Liquor does not include confections or food products
24 that contain one percent or less of alcohol by weight.

25 (27) "Low-proof beverage" means any beverage that is 16 ounces or
26 less and that contains more than .5 percent alcohol by volume and
27 less than seven percent alcohol by volume, but does not include wine,
28 malt beverages, or malt liquor.

29 (28) "Malt beverage" or "malt liquor" means any beverage such as
30 beer, ale, lager beer, stout, and porter obtained by the alcoholic
31 fermentation of an infusion or decoction of pure hops, or pure
32 extract of hops and pure barley malt or other wholesome grain or
33 cereal in pure water containing not more than eight percent of
34 alcohol by weight, and not less than (~~(one-half of one)~~) .5 percent
35 of alcohol by volume. For the purposes of this title, any such
36 beverage containing more than eight percent of alcohol by weight
37 shall be referred to as "strong beer."

38 (~~(28)~~) (29) "Manufacturer" means a person engaged in the
39 preparation of liquor for sale, in any form whatsoever.

1 (~~(29)~~) (30) "Nightclub" means an establishment that provides
2 entertainment and has as its primary source of revenue (a) the sale
3 of alcohol for consumption on the premises, (b) cover charges, or (c)
4 both.

5 (~~(30)~~) (31) "Package" means any container or receptacle used
6 for holding liquor.

7 (~~(31)~~) (32) "Passenger vessel" means any boat, ship, vessel,
8 barge, or other floating craft of any kind carrying passengers for
9 compensation.

10 (~~(32)~~) (33) "Permit" means a permit for the purchase of liquor
11 under this title.

12 (~~(33)~~) (34) "Person" means an individual, copartnership,
13 association, or corporation.

14 (~~(34)~~) (35) "Physician" means a medical practitioner duly and
15 regularly licensed and engaged in the practice of his or her
16 profession within the state pursuant to chapter 18.71 RCW.

17 (~~(35)~~) (36) "Powdered alcohol" means any powder or crystalline
18 substance containing alcohol that is produced for direct use or
19 reconstitution.

20 (~~(36)~~) (37) "Prescription" means a memorandum signed by a
21 physician and given by him or her to a patient for the obtaining of
22 liquor pursuant to this title for medicinal purposes.

23 (~~(37)~~) (38) "Public place" includes streets and alleys of
24 incorporated cities and towns; state or county or township highways
25 or roads; buildings and grounds used for school purposes; public
26 dance halls and grounds adjacent thereto; those parts of
27 establishments where beer may be sold under this title, soft drink
28 establishments, public buildings, public meeting halls, lobbies,
29 halls and dining rooms of hotels, restaurants, theaters, stores,
30 garages and filling stations which are open to and are generally used
31 by the public and to which the public is permitted to have
32 unrestricted access; railroad trains, stages, and other public
33 conveyances of all kinds and character, and the depots and waiting
34 rooms used in conjunction therewith which are open to unrestricted
35 use and access by the public; publicly owned bathing beaches, parks,
36 and/or playgrounds; and all other places of like or similar nature to
37 which the general public has unrestricted right of access, and which
38 are generally used by the public.

39 (~~(38)~~) (39) "Regulations" means regulations made by the board
40 under the powers conferred by this title.

1 (~~(39)~~) (40) "Restaurant" means any establishment provided with
2 special space and accommodations where, in consideration of payment,
3 food, without lodgings, is habitually furnished to the public, not
4 including drug stores and soda fountains.

5 (~~(40)~~) (41) "Sale" and "sell" include exchange, barter, and
6 traffic; and also include the selling or supplying or distributing,
7 by any means whatsoever, of liquor, or of any liquid known or
8 described as beer or by any name whatever commonly used to describe
9 malt or brewed liquor or of wine, by any person to any person; and
10 also include a sale or selling within the state to a foreign
11 consignee or his or her agent in the state. "Sale" and "sell" shall
12 not include the giving, at no charge, of a reasonable amount of
13 liquor by a person not licensed by the board to a person not licensed
14 by the board, for personal use only. "Sale" and "sell" also does not
15 include a raffle authorized under RCW 9.46.0315: PROVIDED, That the
16 nonprofit organization conducting the raffle has obtained the
17 appropriate permit from the board.

18 (~~(41)~~) (42) "Service bar" means a fixed or portable table,
19 counter, cart, or similar workstation primarily used to prepare, mix,
20 serve, and sell alcohol that is picked up by employees or customers.
21 Customers may not be seated or allowed to consume food or alcohol at
22 a service bar.

23 (~~(42)~~) (43) "Soda fountain" means a place especially equipped
24 with apparatus for the purpose of dispensing soft drinks, whether
25 mixed or otherwise.

26 (~~(43)~~) (44) "Soju" means a traditional Korean distilled
27 alcoholic beverage, produced using authentic Korean recipes and
28 production methods, and derived from agricultural products, that
29 contains not more than (~~twenty-four~~) 24 percent of alcohol by
30 volume.

31 (~~(44)~~) (45) "Spirits" means any beverage which contains alcohol
32 obtained by distillation, except flavored malt beverages, but
33 including wines exceeding (~~twenty-four~~) 24 percent of alcohol by
34 volume.

35 (~~(45)~~) (46) "Store" means a state liquor store established
36 under this title.

37 (~~(46)~~) (47) "Tavern" means any establishment with special space
38 and accommodation for sale by the glass and for consumption on the
39 premises, of beer, as herein defined.

1 (~~(47)~~) (48) "VIP airport lounge" means an establishment within
2 an international airport located beyond security checkpoints that
3 provides a special space to sit, relax, read, work, and enjoy
4 beverages where access is controlled by the VIP airport lounge
5 operator and is generally limited to the following classifications of
6 persons:

7 (a) Airline passengers of any age whose admission is based on a
8 first-class, executive, or business class ticket;

9 (b) Airline passengers of any age who are qualified members or
10 allowed guests of certain frequent flyer or other loyalty incentive
11 programs maintained by airlines that have agreements describing the
12 conditions for access to the VIP airport lounge;

13 (c) Airline passengers of any age who are qualified members or
14 allowed guests of certain enhanced amenities programs maintained by
15 companies that have agreements describing the conditions for access
16 to the VIP airport lounge;

17 (d) Airport and airline employees, government officials, foreign
18 dignitaries, and other attendees of functions held by the airport
19 authority or airlines related to the promotion of business objectives
20 such as increasing international air traffic and enhancing foreign
21 trade where access to the VIP airport lounge will be controlled by
22 the VIP airport lounge operator; and

23 (e) Airline passengers of any age or airline employees whose
24 admission is based on a pass issued or permission given by the
25 airline for access to the VIP airport lounge.

26 (~~(48)~~) (49) "VIP airport lounge operator" means an airline,
27 port district, or other entity operating a VIP airport lounge that:
28 Is accountable for compliance with the alcohol beverage control act
29 under this title; holds the license under chapter 66.24 RCW issued to
30 the VIP airport lounge; and provides a point of contact for
31 addressing any licensing and enforcement by the board.

32 (~~(49)~~) (50) (a) "Wine" means any alcoholic beverage obtained by
33 fermentation of fruits (grapes, berries, apples, et cetera) or other
34 agricultural product containing sugar, to which any saccharine
35 substances may have been added before, during or after fermentation,
36 and containing not more than (~~twenty-four~~) 24 percent of alcohol by
37 volume, including sweet wines fortified with wine spirits, such as
38 port, sherry, muscatel, and angelica, not exceeding (~~twenty-four~~)
39 24 percent of alcohol by volume and not less than (~~one-half of~~
40 ~~one~~) .5 percent of alcohol by volume. For purposes of this title,

1 any beverage containing no more than (~~fourteen~~) 14 percent of
2 alcohol by volume when bottled or packaged by the manufacturer shall
3 be referred to as "table wine," and any beverage containing alcohol
4 in an amount more than (~~fourteen~~) 14 percent by volume when bottled
5 or packaged by the manufacturer shall be referred to as "fortified
6 wine." However, "fortified wine" shall not include: (i) Wines that
7 are both sealed or capped by cork closure and aged two years or more;
8 and (ii) wines that contain more than (~~fourteen~~) 14 percent alcohol
9 by volume solely as a result of the natural fermentation process and
10 that have not been produced with the addition of wine spirits,
11 brandy, or alcohol.

12 (b) This subsection shall not be interpreted to require that any
13 wine be labeled with the designation "table wine" or "fortified
14 wine."

15 (~~(+50+)~~) (51) "Wine distributor" means a person who buys wine
16 from a domestic winery, wine certificate of approval holder, or wine
17 importer, or who acquires foreign produced wine from a source outside
18 of the United States, for the purpose of selling the same not in
19 violation of this title, or who represents such vintner or winery as
20 agent.

21 (~~(+51+)~~) (52) "Wine importer" means a person or business within
22 Washington who purchases wine from a wine certificate of approval
23 holder or who acquires foreign produced wine from a source outside of
24 the United States for the purpose of selling the same pursuant to
25 this title.

26 (~~(+52+)~~) (53) "Winery" means a business conducted by any person
27 for the manufacture of wine for sale, other than a domestic winery.

28 **Sec. 2.** RCW 66.24.630 and 2021 c 48 s 5 are each amended to read
29 as follows:

30 (1) There is a spirits retail license to: Sell spirits in
31 original containers to consumers for consumption off the licensed
32 premises and to permit holders; sell spirits in original containers
33 to retailers licensed to sell spirits for consumption on the
34 premises, for resale at their licensed premises according to the
35 terms of their licenses, although no single sale may exceed (~~twenty-~~
36 ~~four~~) 24 liters, unless the sale is by a licensee that was a
37 contract liquor store manager of a contract liquor store at the
38 location of its spirits retail licensed premises from which it makes
39 such sales; and export spirits.

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

6 (a) Maintain a schedule by stock-keeping unit of all their
7 purchases of spirits from spirits retail licensees, including
8 combination spirits, beer, and wine licensees holding a license
9 issued pursuant to RCW 66.24.035, indicating the identity of the
10 seller and the quantities purchased; and

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

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

17 (ii) A distiller acting as distributor of the scheduled item in
18 the area.

19 (3)(a) Except as otherwise provided in (c) of this subsection,
20 the board may issue spirits retail licenses only for premises
21 comprising at least (~~ten thousand~~) 10,000 square feet of fully
22 enclosed retail space within a single structure, including storerooms
23 and other interior auxiliary areas but excluding covered or fenced
24 exterior areas, whether or not attached to the structure, and only to
25 applicants that the board determines will maintain systems for
26 inventory management, employee training, employee supervision, and
27 physical security of the product substantially as effective as those
28 of stores currently operated by the board with respect to preventing
29 sales to or pilferage by underage or inebriated persons.

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

38 (c) The board may not deny a spirits retail license to an
39 otherwise qualified contract liquor store at its contract location or
40 to the holder of former state liquor store operating rights sold at

1 auction under RCW 66.24.620 on the grounds of location, nature, or
2 size of the premises to be licensed. The board may not deny a spirits
3 retail license to applicants that are not contract liquor stores or
4 operating rights holders on the grounds of the size of the premises
5 to be licensed, if such applicant is otherwise qualified and the
6 board determines that:

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

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

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

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

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

23 (ii) To other registered facilities; or

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

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

34 (4) (a) Except as otherwise provided in RCW 66.24.632, section 2,
35 chapter 48, Laws of 2021, or in (b) of this subsection, each spirits
36 retail licensee must pay to the board, for deposit into the liquor
37 revolving fund, a license issuance fee equivalent to (~~seventeen~~) 17
38 percent of all spirits sales revenues under the license, exclusive of
39 taxes collected by the licensee and of sales of items on which a
40 license fee payable under this section has otherwise been incurred.

1 The board must establish rules setting forth the timing of such
2 payments and reporting of sales dollar volume by the licensee, with
3 payments required quarterly in arrears. The first payment is due
4 October 1, 2012.

5 (b) This subsection (4) does not apply to ~~((craft))~~: Craft
6 distilleries for sales of spirits of the craft distillery's own
7 production; or sales of low-proof beverages.

8 (5) In addition to the payment required under subsection (4) of
9 this section, each licensee must pay an annual license renewal fee of
10 ~~((one hundred sixty-six dollars))~~ \$166. The board must periodically
11 review and adjust the renewal fee as may be required to maintain it
12 as comparable to annual license renewal fees for licenses to sell
13 beer and wine not for consumption on the licensed premises. If
14 required by law at the time, any increase of the annual renewal fee
15 becomes effective only upon ratification by the legislature.

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

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

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

39 (b) Licensees who join the responsible vendor program under this
40 section and maintain all of the program's requirements are not

1 subject to the doubling of penalties provided in this section for a
2 single violation in any period of (~~twelve~~) 12 calendar months.

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

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

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

11 (i) Provide ongoing training to employees;

12 (ii) Accept only certain forms of identification for alcohol
13 sales;

14 (iii) Adopt policies on alcohol sales and checking
15 identification;

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

17 (v) Keep records verifying compliance with the program's
18 requirements.

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

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

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

31 (1) There is levied and collected a tax on the distribution and
32 sale of low-proof beverages equal to \$2.50 per gallon.

33 (2) A spirits distributor under the terms of its license shall
34 pay the tax imposed by this section on sales of low-proof beverages
35 to spirits retailers.

36 (3) A distillery or craft distillery that self-distributes low-
37 proof beverages under the terms of its license shall pay the tax
38 imposed by this section on sales to retailers.

1 (4) A distillery or craft distillery that sells low-proof
2 beverages directly to consumers under the terms of its license shall
3 pay the tax imposed by this section on those sales.

4 **Sec. 4.** RCW 66.24.055 and 2013 2nd sp.s. c 12 s 1 are each
5 amended to read as follows:

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

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

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

29 (i) In each of the first (~~twenty-seven~~) 27 months of licensure,
30 (~~ten~~) 10 percent of the total revenue from all the licensee's sales
31 of spirits made during the month for which the fee is due,
32 respectively; and

33 (ii) In the (~~twenty-eighth~~) 28th month of licensure and each
34 month thereafter, five percent of the total revenue from all the
35 licensee's sales of spirits made during the month for which the fee
36 is due, respectively.

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

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

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

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

19 ~~(d))~~ A retail licensee selling for resale must pay a distributor
20 license fee under the terms and conditions in this section on resales
21 of spirits the licensee has purchased on which no other distributor
22 license fee has been paid. The board must establish rules setting
23 forth the frequency and timing of such payments and reporting of
24 sales dollar volume by the licensee, with payments due quarterly in
25 arrears.

26 ~~((e))~~ (d) No spirits inventory may be subject to calculation of
27 more than a single spirits distributor license issuance fee.

28 (e) The fees in this subsection (3) do not apply to the sale of
29 low-proof beverages.

30 (4) In addition to the payment set forth in subsection (3) of
31 this section, each spirits distributor licensee renewing its annual
32 license must pay an annual license renewal fee of ~~((one thousand
33 three hundred twenty dollars))~~ \$1,320 for each licensed location.

34 (5) There is no minimum facility size or capacity for spirits
35 distributor licenses, and no limit on the number of such licenses
36 issued to qualified applicants. License applicants must provide
37 physical security of the product that is substantially as effective
38 as the physical security of the distribution facilities currently
39 operated by the board with respect to preventing pilferage. License
40 issuances and renewals are subject to RCW 66.24.010 and the

1 regulations promulgated thereunder, including without limitation
2 rights of cities, towns, county legislative authorities, the public,
3 churches, schools, and public institutions to object to or prevent
4 issuance of local liquor licenses. However, existing distributor
5 premises licensed to sell beer and/or wine are deemed to be premises
6 "now licensed" under RCW 66.24.010(9)(a) for the purpose of
7 processing applications for spirits distributor licenses.

8 **Sec. 5.** RCW 82.08.150 and 2021 c 48 s 6 are each amended to read
9 as follows:

10 (1) There is levied and collected a tax upon each retail sale of
11 spirits in the original package at the rate of (~~(fifteen)~~) 15 percent
12 of the selling price.

13 (2) There is levied and collected a tax upon each sale of spirits
14 in the original package at the rate of (~~(ten)~~) 10 percent of the
15 selling price on sales by a spirits distributor licensee or other
16 licensee acting as a spirits distributor pursuant to Title 66 RCW to
17 restaurant spirits retailers.

18 (3) There is levied and collected an additional tax upon each
19 sale of spirits in the original package by a spirits distributor
20 licensee or other licensee acting as a spirits distributor pursuant
21 to Title 66 RCW to a restaurant spirits retailer and upon each retail
22 sale of spirits in the original package by a licensee of the board at
23 the rate of (~~(one dollar and seventy-two cents)~~) \$1.72 per liter.

24 (4) An additional tax is imposed equal to (~~(fourteen)~~) 14 percent
25 multiplied by the taxes payable under subsections (1), (2), and (3)
26 of this section.

27 (5) An additional tax is imposed upon each sale of spirits in the
28 original package by a spirits distributor licensee or other licensee
29 acting as a spirits distributor pursuant to Title 66 RCW to a
30 restaurant spirits retailer and upon each retail sale of spirits in
31 the original package by a licensee of the board at the rate of seven
32 cents per liter. All revenues collected during any month from this
33 additional tax must be deposited in the state general fund by the
34 (~~(twenty-fifth)~~) 25th day of the following month.

35 (6)(a) An additional tax is imposed upon retail sale of spirits
36 in the original package at the rate of (~~(three and four tenths)~~) 3.4
37 percent of the selling price.

1 (b) An additional tax is imposed upon retail sale of spirits in
2 the original package to a restaurant spirits retailer at the rate of
3 (~~two and three tenths~~) 2.3 percent of the selling price.

4 (c) An additional tax is imposed upon each sale of spirits in the
5 original package by a spirits distributor licensee or other licensee
6 acting as a spirits distributor pursuant to Title 66 RCW to a
7 restaurant spirits retailer and upon each retail sale of spirits in
8 the original package by a licensee of the board at the rate of
9 (~~forty one cents~~) \$0.41 per liter.

10 (d) All revenues collected during any month from additional taxes
11 under this subsection must be deposited in the state general fund by
12 the (~~twenty fifth~~) 25th day of the following month.

13 (7) (a) An additional tax is imposed upon each retail sale of
14 spirits in the original package at the rate of (~~one dollar and~~
15 ~~thirty three cents~~) \$1.33 per liter.

16 (b) All revenues collected during any month from additional taxes
17 under this subsection must be deposited by the (~~twenty fifth~~) 25th
18 day of the following month into the general fund.

19 (8) The tax imposed in RCW 82.08.020 does not apply to sales of
20 spirits in the original package.

21 (9) The taxes imposed in this section must be paid by the buyer
22 to the seller, and each seller must collect from the buyer the full
23 amount of the tax payable in respect to each taxable sale under this
24 section. The taxes required by this section to be collected by the
25 seller must be stated separately from the selling price, and for
26 purposes of determining the tax due from the buyer to the seller, it
27 is conclusively presumed that the selling price quoted in any price
28 list does not include the taxes imposed by this section. Sellers must
29 report and return all taxes imposed in this section in accordance
30 with rules adopted by the department.

31 (10) For the purposes of this section:

32 (a) (~~Except as otherwise provided in this subsection, the terms,~~
33 ~~"spirits" and "package" have~~) "Package" has the same meaning as
34 provided in chapter 66.04 RCW; and

35 (b) "Spirits" has the meaning provided in chapter 66.04 RCW,
36 except that the term does not include low-proof beverages as defined
37 in RCW 66.04.010.

38 (~~(b) Until July 1, 2023, for the purposes of the taxes imposed~~
39 ~~under this section, the term "spirits" does not include mini-bottles~~
40 ~~of spirits sold by a person who possesses a valid endorsement under~~

1 ~~section 2(6), chapter 48, Laws of 2021 and is licensed as a spirits,~~
2 ~~beer, and wine restaurant under RCW 66.24.400.~~

3 ~~(c) For the purposes of this subsection, "mini-bottles of~~
4 ~~spirits" means an original factory-sealed container holding not more~~
5 ~~than 50 milliliters of spirits.))~~

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