CERTIFICATION OF ENROLLMENT

HOUSE BILL 1636

Chapter 95, Laws of 2025

69th Legislature
2025 Regular Session

WINE AND SPIRIT SALES TO RETAILERS—PER TRANSACTION LIMIT

EFFECTIVE DATE: July 27, 2025

Passed by the House March 11, 2025
Yeas 91 Nays 5

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate April 10, 2025
Yeas 41 Nays 8

DENNY HECK

President of the Senate

Approved April 21, 2025 9:58 AM

BOB FERGUSON

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 **HOUSE BILL 1636** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 21, 2025

Secretary of State
State of Washington

HOUSE BILL 1636

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By Representatives Volz, Hackney, Walen, McClintock, Chase, and Parshley

Read first time 01/28/25. Referred to Committee on Consumer Protection & Business.

AN ACT Relating to simplifying administration of wine and spirit sales by eliminating the per transaction limit for volume; and amending RCW 66.24.035, 66.24.179, 66.24.360, and 66.24.630.

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

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

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

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

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

(c) Export spirits.

(2) The annual fee for the combination spirits, beer, and wine license is ((~~three hundred sixteen dollars~~)) $316 for each store.

(3) For the purposes of this title, a combination spirits, beer, and wine license is a retail license, and a sale by a combination

spirits, beer, and wine licensee is a retail sale only if not for resale. Nothing in this title authorizes sales by on-premise licensees to other retail licensees.

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

(i) For premises comprising at least ((~~ten thousand~~)) 10,000 square feet of fully enclosed retail space within a single structure, including storerooms and other interior auxiliary areas but excluding covered or fenced exterior areas, whether or not attached to the structure, and only to applicants that the board determines will maintain appropriate systems for inventory management, employee training, employee supervision, and physical security of the product;

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

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

(b) License issuances and renewals are subject to RCW 66.24.010 and the regulations adopted thereunder including, without limitation, rights of cities, towns, county legislative authorities, the public, churches, schools, and public institutions to object to or prevent issuance of local liquor licenses. However, existing grocery and other retail premises over ((~~ten thousand~~)) 10,000 square feet licensed to sell beer and/or wine are deemed to be premises "now licensed" under RCW 66.24.010(9)(a) for the purpose of processing applications for combination spirits, beer, and wine licenses.

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

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

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

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

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

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

(9)(a) A combination spirits, beer, and wine licensee that joins the responsible vendor program developed by the board pursuant to RCW 66.24.630(8) and maintains all of the program's requirements is not subject to the doubling of penalties provided in this section for a single violation in any period of ((~~twelve~~)) 12 calendar months.

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

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

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

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

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

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

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

(a) A minimum ((~~three thousand dollar~~)) $3,000 inventory of food products for human consumption, not including pop, beer, strong beer, wine, or spirits; or

(b) A minimum ((~~three thousand dollar~~)) $3,000 wholesale inventory of beer, strong beer, and/or wine.

(12) A combination spirits, beer, and wine licensee holding a snack bar license under RCW 66.24.350 may receive an endorsement to allow the sale of confections containing more than one percent but not more than ((~~ten~~)) 10 percent alcohol by weight to persons ((~~twenty-one~~)) 21 years of age or older.

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

Sec. 2. RCW 66.24.179 and 2016 c 190 s 1 are each amended to read as follows:

(1) There is a wine retailer reseller endorsement to a beer and/or wine specialty shop license issued under RCW 66.24.371, to sell wine at retail in original containers to retailers licensed to sell wine for consumption on the premises, for resale at their licensed premises according to the terms of the license. ((~~However, no single sale may exceed twenty-four liters, unless the sale is made by a licensee that was a former state liquor store or contract liquor store at the location from which such sales are made.~~)) For the purposes of this title, a beer and/or wine specialty shop license is a retail license, and a sale by a beer and/or wine specialty shop license with a reseller endorsement is a retail sale only if not for resale. The annual fee for the wine retailer reseller endorsement is ((~~one hundred ten dollars~~)) $110 for each store.

(2) A beer and/or wine specialty shop licensee with a wine retailer reseller endorsement issued under this section may accept delivery of wine at its licensed premises or at one or more warehouse facilities registered with the board, which facilities may also warehouse and distribute nonliquor items, and from which it may deliver to its own licensed premises and, pursuant to sales permitted by this title, to other licensed premises, to other registered facilities, or to lawful purchasers outside the state. Facilities may

be registered and utilized by associations, cooperatives, or comparable groups of beer and/or wine specialty shop licensees.

(3) A beer and/or wine specialty shop licensee, selling wine under the endorsement created in this section, may sell a maximum of ((~~five thousand~~)) 5,000 liters of wine per day for resale to retailers licensed to sell wine for consumption on the premises.

Sec. 3. RCW 66.24.360 and 2017 c 96 s 2 are each amended to read as follows:

(1) There is a grocery store license to sell wine and/or beer, including without limitation strong beer at retail in original containers, not to be consumed upon the premises where sold.

(2) There is a wine retailer reseller endorsement of a grocery store license, to sell wine at retail in original containers to retailers licensed to sell wine for consumption on the premises, for resale at their licensed premises according to the terms of the license. ((~~However, no single sale may exceed twenty-four liters, unless the sale is made by a licensee that was a contract liquor store manager of a contract-operated liquor store at the location from which such sales are made.~~)) For the purposes of this title, a grocery store license is a retail license, and a sale by a grocery store licensee with a reseller endorsement is a retail sale only if not for resale.

(3) Licensees obtaining a written endorsement from the board may also sell malt liquor in kegs or other containers capable of holding less than ((~~five and one-half~~)) 5.5 gallons of liquid.

(4) The annual fee for the grocery store license is ((~~one hundred fifty dollars~~)) $150 for each store.

(5) The annual fee for the wine retailer reseller endorsement is ((~~one hundred sixty-six dollars~~)) $166 for each store.

(6)(a) Upon approval by the board, a grocery store licensee with revenues derived from beer and/or wine sales exceeding ((~~fifty~~)) 50 percent of total revenues or that maintains an alcohol inventory of not less than ((~~fifteen thousand dollars~~)) $15,000 may also receive an endorsement to permit the sale of beer and cider, as defined in RCW 66.24.210(6), in a sanitary container brought to the premises by the purchaser, or provided by the licensee or manufacturer, and filled at the tap by the licensee at the time of sale by an employee of the licensee holding a class 12 alcohol server permit.

(b) Pursuant to RCW 74.08.580(1)(f), a person may not use an electronic benefit transfer card for the purchase of any product authorized for sale under this section.

(c) The board may, by rule, establish fees to be paid by licensees receiving the endorsement authorized under this subsection (6), as necessary to cover the costs of implementing and enforcing the provisions of this subsection (6).

(7) The board must issue a restricted grocery store license authorizing the licensee to sell beer and only table wine, if the board finds upon issuance or renewal of the license that the sale of strong beer or fortified wine would be against the public interest. In determining the public interest, the board must consider at least the following factors:

(a) The likelihood that the applicant will sell strong beer or fortified wine to persons who are intoxicated;

(b) Law enforcement problems in the vicinity of the applicant's establishment that may arise from persons purchasing strong beer or fortified wine at the establishment; and

(c) Whether the sale of strong beer or fortified wine would be detrimental to or inconsistent with a government-operated or funded alcohol treatment or detoxification program in the area.

If the board receives no evidence or objection that the sale of strong beer or fortified wine would be against the public interest, it must issue or renew the license without restriction, as applicable. The burden of establishing that the sale of strong beer or fortified wine by the licensee would be against the public interest is on those persons objecting.

(8) Licensees holding a grocery store license must maintain a minimum ((~~three thousand dollar~~)) $3,000 inventory of food products for human consumption, not including pop, beer, strong beer, or wine.

(9) A grocery store licensee with a wine retailer reseller endorsement may accept delivery of wine at its licensed premises or at one or more warehouse facilities registered with the board, which facilities may also warehouse and distribute nonliquor items, and from which it may deliver to its own licensed premises and, pursuant to sales permitted by this title, to other licensed premises, to other registered facilities, or to lawful purchasers outside the state. Facilities may be registered and utilized by associations, cooperatives, or comparable groups of grocery store licensees.

(10) Upon approval by the board, the grocery store licensee may also receive an endorsement to permit the international export of beer, strong beer, and wine.

(a) Any beer, strong beer, or wine sold under this endorsement must have been purchased from a licensed beer or wine distributor licensed to do business within the state of Washington.

(b) Any beer, strong beer, and wine sold under this endorsement must be intended for consumption outside the state of Washington and the United States and appropriate records must be maintained by the licensee.

(c) Any beer, strong beer, or wine sold under this endorsement must be sold at a price no less than the acquisition price paid by the holder of the license.

(d) The annual cost of this endorsement is ((~~five hundred dollars~~)) $500 and is in addition to the license fees paid by the licensee for a grocery store license.

(11) A grocery store licensee holding a snack bar license under RCW 66.24.350 may receive an endorsement to allow the sale of confections containing more than one percent but not more than ((~~ten~~)) 10 percent alcohol by weight to persons ((~~twenty-one~~)) 21 years of age or older.

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

(13) Nothing in this section limits the authority of the board to regulate the sale of beer or cider or container sizes under rules adopted pursuant to RCW 66.08.030.

(14) Any endorsement issued pursuant to this section or RCW 66.24.363 may be issued to a qualified combination spirits, beer, and wine licensee in accordance with RCW 66.24.035(10).

(15)(a) A grocery store licensee that also holds a spirits retail license under RCW 66.24.630 may, upon board approval and pursuant to board rules, transition to a combination spirits, beer, and wine license pursuant to RCW 66.24.035.

(b) An applicant that would qualify for a grocery store license under this section and a spirits retail license under RCW 66.24.630 may apply for a single license pursuant to RCW 66.24.035 instead of applying for a grocery store license under this section in addition to a spirits retail license under ((~~to~~)) RCW 66.24.630.

Sec. 4. RCW 66.24.630 and 2021 c 48 s 5 are each amended to read as follows:

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

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

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

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

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

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

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

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

(c) The board may not deny a spirits retail license to an otherwise qualified contract liquor store at its contract location or to the holder of former state liquor store operating rights sold at auction under RCW 66.24.620 on the grounds of location, nature, or size of the premises to be licensed. The board may not deny a spirits retail license to applicants that are not contract liquor stores or operating rights holders on the grounds of the size of the premises to be licensed, if such applicant is otherwise qualified and the board determines that:

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

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

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

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

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

(ii) To other registered facilities; or

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

(e) For purposes of negotiating volume discounts, a group of individual retailers authorized to sell spirits for consumption off

the licensed premises may accept delivery of spirits at their individual licensed premises or at any one of the individual licensee's premises, or at a warehouse facility registered with the board.

(4)(a) Except as otherwise provided in RCW 66.24.632, section 2, chapter 48, Laws of 2021, or in (b) of this subsection, each spirits retail licensee must pay to the board, for deposit into the liquor revolving fund, a license issuance fee equivalent to ((~~seventeen~~)) 17 percent of all spirits sales revenues under the license, exclusive of taxes collected by the licensee and of sales of items on which a license fee payable under this section has otherwise been incurred. The board must establish rules setting forth the timing of such payments and reporting of sales dollar volume by the licensee, with payments required quarterly in arrears. The first payment is due October 1, 2012.

(b) This subsection (4) does not apply to craft distilleries for sales of spirits of the craft distillery's own production.

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

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

(7) The maximum penalties prescribed by the board in WAC 314-29-020 through 314-29-040 relating to fines and suspensions are

doubled for violations relating to the sale of spirits by spirits retail licensees.

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

(b) Licensees who join the responsible vendor program under this section and maintain all of the program's requirements are not subject to the doubling of penalties provided in this section for a single violation in any period of ((~~twelve~~)) 12 calendar months.

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

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

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

(i) Provide ongoing training to employees;

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

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

(iv) Post specific signs in the business; and

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

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

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

Passed by the House March 11, 2025.
Passed by the Senate April 10, 2025.
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