

**FORMATTING NOTE:**

In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (({- text here -})) is text that will be DELETED FROM the existing statute if the proposed measure is approved.
- Text that is surrounded by {+ text here +} is text that will be ADDED TO the existing statute if the proposed measure is approved.
- {+ NEW SECTION+} (found at the beginning of a section or paragraph) indicates that ALL of the text in that section will become law if the proposed measure is approved.

\* \* \*

**INITIATIVE 706**

AN ACT Relating to alcoholic beverage retailing and distributing; amending RCW 66.04.010, 66.08.020, 66.08.026, 66.08.030, 66.08.050, 66.16.040, 66.16.110, 66.20.160, 66.24.310, 66.24.360, 66.24.371, 66.24.380, 66.24.540, 66.28.030, 66.28.060, 66.28.180, 66.28.190, 66.44.318, and 66.44.340; reenacting and amending RCW 66.28.070; adding new sections to chapter 66.24 RCW; creating new sections; repealing RCW 66.08.070, 66.08.160, 66.08.235, 66.12.020, 66.16.010, 66.16.030, 66.16.041, 66.16.050, 66.16.060, 66.16.070, 66.16.080, 66.16.090, 66.16.100, and 66.24.440; and providing an effective date.

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

Sec. 1. RCW 66.04.010 and 1997 c 321 s 37 are each amended to read as follows:

In this title, unless the context otherwise requires:

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

(2) "Beer" means any malt beverage or malt liquor as these terms are defined in this chapter.

(3) "Beer distributor" means a person who buys beer from a brewer or brewery located either within or beyond the boundaries of the state, beer importers, or foreign produced beer from a source outside the state of Washington, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.

(4) "Beer importer" means a person or business within Washington who purchases beer from a United States brewery holding a certificate of approval (B5) or foreign produced beer from a source outside the state of Washington for the purpose of selling the same pursuant to this title.

(5) "Brewer" means any person engaged in the business of manufacturing beer and malt liquor.

(6) "Board" means the liquor control board, constituted under this title.

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

(8) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

(9) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.

(10) "Distiller" means a person engaged in the business of distilling spirits.

(11) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.

(12) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.

(13) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.

(14) "Employee" means any person employed by the board(( {- , including a vendor, -})) as hereinafter in this section defined.

(15) "Fund" means 'liquor revolving fund.'

(16) "Hotel" means every building or other structure kept, used, maintained, advertised or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests and having one or more dining rooms where meals are served to such transient guests, such sleeping accommodations and dining rooms being conducted in the same building and buildings, in connection therewith, and such structure or structures being provided, in the judgment of the board, with adequate and sanitary kitchen and dining room equipment and capacity, for preparing, cooking and serving suitable food for its guests: PROVIDED FURTHER, That in cities and towns of less than five thousand population, the board shall have authority to waive the provisions requiring twenty or more rooms.

(17) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for (( {- sale to the board or for export -})) {+ the purpose of selling or exporting the spirituous liquor under this title +}.

(18) "Imprisonment" means confinement in the county jail.

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

(20) "Manufacturer" means a person engaged in the preparation of

liquor for sale, in any form whatsoever.

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

(22) "Package" means any container or receptacle used for holding liquor.

(23) "Permit" means a permit for the purchase of liquor under this title.

(24) "Person" means an individual, copartnership, association, or corporation.

(25) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.

(26) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.

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

(28) "Regulations" means regulations made by the board under the powers conferred by this title.

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

(30) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

(31) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

(32) "Spirits" means any beverage which contains alcohol obtained

by distillation, including wines exceeding twenty-four percent of alcohol by volume.

(({- (33) (- "Store" means a state liquor store established under this title.

(({- (34) (-})) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

(({- (35) "Vendor" means a person employed by the board as a store manager under this title.

(({- (36) (-})) {+ (34) +} "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

(({- (37) (-})) {+ (35) +} "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (a) Wines that are both sealed or capped by cork closure and aged two years or more; and (b) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

(({- (38) (-})) {+ (36) +} "Wine distributor" means a person who buys wine from a vintner or winery located either within or beyond the boundaries of the state for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

(({- (39) (-})) {+ (37) +} "Wine importer" means a person or business within Washington who purchases wine from a United States winery holding a certificate of approval (W7) or foreign produced wine from a source outside the state of Washington for the purpose of selling the same pursuant to this title.

Sec. 2. RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended to read as follows:

The administration of this title(({- , including the general control, management and supervision of all liquor stores, -})) shall be vested in the liquor control board, constituted under this title.

Sec. 3. RCW 66.08.026 and 1998 c 265 s 2 are each amended to read as follows:

All administrative expenses of the board incurred on and after April 1, 1963 shall be appropriated and paid from the liquor revolving fund. These administrative expenses shall include, but not be limited to: The salaries and expenses of the board and its employees, (({- the cost of establishing, leasing, maintaining, and operating state liquor stores and warehouses, -})) legal services, pilot projects, annual or

other audits, and other general costs of conducting the business of the board((- , and the costs of supplying, installing, and maintaining equipment used in state liquor stores and agency liquor vendor stores for the purchase of liquor by nonlicensees using debit or credit cards -)). The administrative expenses shall not, however, be deemed to include (({- costs of liquor and lottery tickets purchased, the cost of transportation and delivery to the point of distribution, other costs pertaining to the acquisition and receipt of liquor and lottery tickets, packaging and repackaging of liquor, transaction fees associated with credit or debit card purchases for liquor in state liquor stores and in the stores of agency liquor vendors pursuant to RCW 66.16.040 and 66.16.041, -})) sales tax, and those amounts distributed pursuant to RCW 66.08.180, 66.08.190, 66.08.200, 66.08.210 and 66.08.220.

Sec. 4. RCW 66.08.030 and 1977 ex.s. c 115 s 1 are each amended to read as follows:

(1) For the purpose of carrying into effect the provisions of this title according to their true intent or of supplying any deficiency therein, the board may make such regulations not inconsistent with the spirit of this title as are deemed necessary or advisable. All regulations so made shall be a public record and shall be filed in the office of the code reviser, and thereupon shall have the same force and effect as if incorporated in this title. Such regulations, together with a copy of this title, shall be published in pamphlets and shall be distributed as directed by the board.

(2) Without thereby limiting the generality of the provisions contained in subsection (1), it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to{+ : +}

(a) (({- regulating the equipment and management of stores and warehouses in which state liquor is sold or kept, and prescribing the books and records to be kept therein and the reports to be made thereon to the board;

(b) -})) {+ P +}rescribing the duties of the employees of the board, and regulating their conduct in the discharge of their duties;

(({- (c) governing the purchase of liquor by the state and the furnishing of liquor to stores established under this title;

(d) determining the classes, varieties, and brands of liquor to be kept for sale at any store;

(e) prescribing, subject to RCW 66.16.080, the hours during which the state liquor stores shall be kept open for the sale of liquor;

(f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this title;

(g) -})) {+ (b) P +}rescribing an official seal and official labels and stamps and determining the manner in which they shall be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different classes of liquor;

(({- (h) providing for the payment by the board in whole or in part of the carrying charges on liquor shipped by freight or express;

(i) -})) {+ (c) P +}rescribing forms to be used for purposes of this title or the regulations, and the terms and conditions to be contained in permits and licenses issued under this title;

(({- (j) -})) {+ (d) P +}rescribing the fees payable in respect of permits and licenses issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or

permitted to be done under the regulations;

(({- (k) prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;

(l) -})) {+ (e) R +}egulating the sale of liquor kept by the holders of licenses which entitle the holder to purchase and keep liquor for sale;

(({- (m) -})) {+ (f) P +}rescribing the records of purchases or sales of liquor kept by the holders of licenses, and the reports to be made thereon to the board, and providing for inspection of the records so kept;

(({- (n) -})) {+ (g) P +}rescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;

(({- (o) -})) {+ (h) P +}rescribing the manner of giving and serving notices required by this title or the regulations, where not otherwise provided for in this title;

(({- (p) -})) {+ (i) R +}egulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;

(({- (q) -})) {+ (j) P +}rescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensing clubs in any municipality or other locality, and providing for the inspection of clubs;

(({- (r) -})) {+ (k) P +}rescribing the conditions, accommodations{+ , +} and qualifications requisite for the obtaining of licenses to sell {+ spirits, +} beer{+ , +} and wines, and regulating the sale of {+ spirits, +} beer{+ , +} and wines thereunder;

(({- (s) -})) {+ (l) S +}pecifying and regulating the time and periods when, and the manner, methods{+ , +} and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

(({- (t) -})) {+ (m) P +}roviding for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns;

(({- (u) -})) {+ (n) P +}roviding for the making of returns by the wholesalers of beer whose breweries are located beyond the boundaries of the state;

(({- (v) -})) {+ (o) P +}roviding for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such return;

(({- (w) -})) {+ (p) P +}roviding for the giving of fidelity bonds by any or all of the employees of the board: PROVIDED, That the premiums therefor shall be paid by the board;

(({- (x) -})) {+ (q) P +}roviding for the shipment by mail or common carrier of liquor to any person holding a permit and residing in

any unit which has, by election pursuant to this title, prohibited the sale of liquor therein;

(({- (y) -})) {+ (r) P +}rescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees (({- and the board -})); and conducting from time to time, in the interest of the public health and general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

(({- (z) -})) {+ (s) S +}eizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not conform in all respects to the standards prescribed by this title or the regulations of the board: PROVIDED, Nothing herein contained shall be construed as authorizing the liquor board to prescribe, alter, limit or in any way change the present law as to the quantity or percentage of alcohol used in the manufacturing of wine or other alcoholic beverages.

Sec. 5. RCW 66.08.050 and 1997 c 228 s 1 are each amended to read as follows:

The board, subject to the provisions of this title and the rules, shall:

(1) (({- Determine the localities within which state liquor stores shall be established throughout the state, and the number and situation of the stores within each locality;

(2) Appoint in cities and towns and other communities, in which no state liquor store is located, liquor vendors. In addition, the board may appoint, in its discretion, a manufacturer that also manufactures liquor products other than wine under a license under this title, as a vendor for the purpose of sale of liquor products of its own manufacture on the licensed premises only. Such liquor vendors shall be agents of the board and be authorized to sell liquor to such persons, firms or corporations as provided for the sale of liquor from a state liquor store, and such vendors shall be subject to such additional rules and regulations consistent with this title as the board may require;

(3) Establish all necessary warehouses for the storing and bottling, diluting and rectifying of stocks of liquors for the purposes of this title;

(4) Provide for the leasing for periods not to exceed ten years of all premises required for the conduct of the business; and for remodeling the same, and the procuring of their furnishings, fixtures, and supplies; and for obtaining options of renewal of such leases by the lessee. The terms of such leases in all other respects shall be subject to the direction of the board;

(5) Determine the nature, form and capacity of all packages to be used for containing liquor kept for sale under this title;

(6) -})) Execute or cause to be executed, all contracts, papers, and documents in the name of the board, under such regulations as the board may fix;

(({- (7) -})) {+ (2) +} Pay all customs, duties, excises, charges and obligations whatsoever relating to the business of the board;

(({- (8) -})) {+ (3) +} Require bonds from all employees in the discretion of the board, and to determine the amount of fidelity bond of each such employee;

(({- (9) -})) {+ (4) +} Perform services for the state lottery commission to such extent, and for such compensation, as may be mutually agreed upon between the board and the commission;

(({- (10) -})) {+ (5) +} Accept and deposit into the general fund-local account and disburse, subject to appropriation, federal grants or other funds or donations from any source for the purpose of improving public awareness of the health risks associated with alcohol consumption by youth and the abuse of alcohol by adults in Washington state. The board's alcohol awareness program shall cooperate with federal and state agencies, interested organizations, and individuals to effect an active public beverage alcohol awareness program;

(({- (11) -})) {+ (6) +} Perform all other matters and things, whether similar to the foregoing or not, to carry out the provisions of this title, and shall have full power to do each and every act necessary to the conduct of its business, including all buying, selling, preparation and approval of forms, and every other function of the business whatsoever, subject only to audit by the state auditor: PROVIDED, That the board shall have no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct being provoked by such language.

Sec. 6. RCW 66.16.040 and 1996 c 291 s 1 are each amended to read as follows:

Except as otherwise provided by law, an employee in a (({- state -})) liquor store or agency may sell liquor to any person of legal age to purchase alcoholic beverages and may also sell to holders of permits such liquor as may be purchased under such permits.

Where there may be a question of a person's right to purchase liquor by reason of age, such person shall be required to present any one of the following officially issued cards of identification which shows his/her correct age and bears his/her signature and photograph:

(1) Liquor control authority card of identification of any state or province of Canada.

(2) Driver's license, instruction permit or identification card of any state or province of Canada, or "identocard" issued by the Washington state department of licensing pursuant to RCW 46.20.117.

(3) United States armed forces identification card issued to active duty, reserve, and retired personnel and the personnel's dependents.

(4) Passport.

(5) Merchant Marine identification card issued by the United States Coast Guard.

The board may adopt such regulations as it deems proper covering the acceptance of such cards of identification.

(({- No liquor sold under this section shall be delivered until the purchaser has paid for the liquor in cash, except as allowed under RCW 66.16.041. The use of a personal credit card does not rely upon the credit of the state as prohibited by Article VIII, section 5 of the state Constitution. -}))

Sec. 7. RCW 66.16.110 and 1993 c 422 s 2 are each amended to read as follows:

The board shall cause to be posted in conspicuous places, in a number determined by the board, within each (({- state -})) liquor store, notices in print not less than one inch high warning persons that consumption of alcohol shortly before conception or during pregnancy may cause birth defects, including fetal alcohol syndrome and fetal alcohol effects.

Sec. 8. RCW 66.20.160 and 1973 1st ex.s. c 209 s 4 are each amended to read as follows:

Words and phrases as used in RCW 66.20.160 to 66.20.210, inclusive, shall have the following meaning:

"Card of identification" means any one of those cards described in RCW 66.16.040.

"Licensee" means the holder of a retail liquor license issued by the board, and includes any employee or agent of the licensee.

"Store employee" means a person employed in a ({- state -}) liquor store or agency to sell liquor.

{+ NEW SECTION. +} Sec. 9. A new section is added to chapter 66.24 RCW to read as follows:

There shall be a license for spirits distributors to sell spirituous liquor, purchased from licensed Washington manufacturers, spirituous liquor certificate of approval holders, licensed liquor importers, or suppliers of foreign liquor located outside the state of Washington, to retailers licensed for off-premises consumption and other spirits distributors and to export spirits from the state of Washington. The fee for the license is one thousand dollars per year for each distributing unit.

{+ NEW SECTION. +} Sec. 10. A new section is added to chapter 66.24 RCW to read as follows:

A manufacturer of spirits located outside the state of Washington must hold a certificate of approval to allow sales and shipment of the certificate of approval holder's spirituous liquor to licensed Washington spirits distributors or liquor importers. The certificate of approval shall not be granted unless the manufacturer of spirituous liquor has made a written agreement with the board to furnish to the board, on or before the twentieth day of each month, a report under oath, on a form to be prescribed by the board, showing the quantity of spirits sold or delivered to each licensed spirits distributor or liquor importer during the preceding month and has further agreed with the board that the manufacturers, all general sales corporations or agencies maintained by them, and all of their trade representatives, will faithfully comply with all laws of the state of Washington pertaining to the sale of intoxicating liquors and with all rules of the Washington state liquor control board. A violation of the terms of this agreement will authorize the board to take action to suspend or revoke such certificate. The fee for the certificate of approval issued under the provisions of this section is one hundred dollars per year, which sum must accompany the application for the certificate.

Sec. 11. RCW 66.24.310 and 1997 c 321 s 17 are each amended to read as follows:

(1) No person shall canvass for, solicit, receive, or take orders for the purchase or sale of liquor, nor contact any licensees of the board in goodwill activities, unless such person shall be the accredited representative of a person, firm, or corporation holding a certificate of approval issued pursuant to RCW 66.24.270 or 66.24.206, a beer distributor's license, a microbrewer's license, a domestic brewer's license, a beer importer's license, a domestic winery license, a wine importer's license, ({- or -}) a wine distributor's license{+ , or a spirits distributor's license +} within the state of Washington, or the accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor, or foreign produced beer or wine, and shall have applied for and received a representative's license: PROVIDED, HOWEVER, That the provisions of this section shall not apply to drivers who deliver beer or wine;

(2) Every representative's license issued under this title shall be subject to all conditions and restrictions imposed by this title or by the rules and regulations of the board; the board, for the purpose of maintaining an orderly market, may limit the number of representative's licenses issued for representation of specific classes of eligible employers;

(3) Every application for a representative's license must be approved by a holder of a certificate of approval issued pursuant to RCW 66.24.270 or 66.24.206, a licensed beer distributor, a licensed domestic brewer, a licensed beer importer, a licensed microbrewer, a licensed domestic winery, a licensed wine importer, a licensed wine distributor, or by a distiller, manufacturer, importer, or distributor of spirituous liquor, or foreign produced beer or wine, as the rules and regulations of the board shall require;

(4) The fee for a representative's license shall be twenty-five dollars per year;

(5) An accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor may, after he or she has applied for and received a representative's license, contact retail licensees of the board only in goodwill activities pertaining to spirituous liquor products.

Sec. 12. RCW 66.24.360 and 1997 c 321 s 22 are each amended to read as follows:

There shall be a beer and/or wine retailer's license to be designated as a small grocery store license to sell beer and/or wine at retail in bottles, cans, and original containers, not to be consumed upon the premises where sold((- , at any store other than the state liquor stores -)).

There shall be a {+ spirits, +} beer{+ , +} and/or wine retailer's license to be designated as a grocery store license to sell {+ spirits, +} beer{+ , +} and/or wine at retail in bottles, cans, and original containers, not to be consumed upon the premises where sold((( - , at any store other than the state liquor stores - )))

(1) 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 gallons of liquid.

(2) The annual fee for the small grocery store license or the grocery store license is one hundred fifty dollars for each store.

(3) The board shall 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 {+ spirits and/or +} fortified wine would be against the public interest. In determining the public interest, the board shall consider at least the following factors:

(a) The likelihood that the applicant will sell {+ spirits and/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 {+ spirits and/or +} fortified wine at the establishment; and

(c) Whether the sale of {+ spirits and/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 {+ spirits and/or +} fortified wine would be against the public interest, it shall issue or renew the license without restriction, as applicable. The burden of establishing that the sale of {+ spirits and/or +} fortified wine by the licensee would be against the public interest is

on those persons objecting.

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

(5) Only grocery store licensees whose contiguous business premises measure five thousand or more square feet of floor space and who meet the requirements of subsection (4) of this section may sell at retail, spirituous liquor in its original container.

(6) Until July 1, 2003, the board may issue a retailer's license under this section to agency liquor vendors appointed by the board on or before January 1, 2000. Subsections (4) and (5) of this section do not apply to liquor vendors who qualify under this subsection (6), but such vendors are subject to the remainder of this section.

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

(a) Any 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 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) A holder of this special endorsement to the grocery store license shall be considered not in violation of RCW 66.28.010.

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

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

Sec. 13. RCW 66.24.371 and 1997 c 321 s 23 are each amended to read as follows:

(1) There shall be a {+ spirits, +} beer{+ , +} and/or wine retailer's license to be designated as a {+ spirits, +} beer{+ , +} and/or wine specialty shop license to sell {+ spirits, +} beer{+ , +} and/or wine at retail in bottles, cans, and original containers, not to be consumed upon the premises where sold({- , at any store other than the state liquor stores -}). 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 gallons of liquid. The annual fee for the {+ spirits, +} beer{+ , +} and/or wine specialty shop license is one hundred {+ fifty +} dollars for each store.

(2) Licensees under this section may provide, free or for a charge, single-serving samples of two ounces or less {+ of beer and/or wine +} to customers for the purpose of sales promotion. Sampling activities of licensees under this section are subject to RCW 66.28.010 and 66.28.040 and the cost of sampling under this section may not be borne, directly or indirectly, by any manufacturer, importer, or distributor of liquor.

(3) The board shall issue a restricted beer and/or wine specialty shop 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 {+ spirits and/or +} fortified wine would be against the public interest. In determining the public interest, the board shall consider at least the following factors:

(a) The likelihood that the applicant will sell {+ spirits and/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 {+ spirits and/or +} fortified wine at the establishment; and

(c) Whether the sale of {+ spirits and/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 {+ spirits and/or +} fortified wine would be against the public interest, it shall issue or renew the license without restriction, as applicable. The burden of establishing that the sale of {+ spirits and/or +} fortified wine by the licensee would be against the public interest is on those persons objecting.

(4) Licensees holding a {+ spirits, +} beer{+ , +} and/or wine specialty shop license must maintain a minimum three thousand dollar wholesale inventory of beer and/or wine.

Sec. 14. RCW 66.24.380 and 1997 c 321 s 24 are each amended to read as follows:

There shall be a retailer's license to be designated as a special occasion license to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specified date and place; fee sixty dollars per day.

(1) The not-for-profit society or organization is limited to sales of no more than twelve calendar days per year.

(2) The licensee may sell beer and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the board prior to the event.

(3) Sale, service, and consumption of spirits, beer, and wine is to be confined to specified premises or designated areas only.

(4) Spirituous liquor sold under this special occasion license must be purchased at a (({- state -})) liquor store or agency without discount at retail prices, including all taxes.

(5) Any violation of this section is a class 1 civil infraction having a maximum penalty of two hundred fifty dollars as provided for in chapter 7.80 RCW.

Sec. 15. RCW 66.24.540 and 1997 c 321 s 34 are each amended to read as follows:

There shall be a retailer's license to be designated as a motel license. The motel license may be issued to a motel that holds no other class of license under this title. No license may be issued to a motel offering rooms to its guests on an hourly basis. The license authorizes the licensee to sell, at retail, in locked honor bars, spirits in individual bottles not to exceed fifty milliliters, beer in individual cans or bottles not to exceed twelve ounces, and wine in individual bottles not to exceed one hundred eighty-seven milliliters, to registered guests of the motel for consumption in guest rooms. Each honor bar must also contain snack foods. No more than one-half of the guest rooms may have honor bars. The board shall charge a reasonable fee for this license. (({- All spirits to be sold under the license must be purchased from the board. -})) The licensee shall require proof of age from the guest renting a guest room and requesting the use of an honor bar. The guest shall also execute an affidavit verifying that no one under twenty-one years of age shall have access to the spirits, beer, and wine in the honor bar. "Motel" as used in this

section means a facility or place offering three or more self-contained units designated by number, letter, or some other method of identification to travelers and transient guests. As used in this section, "spirits," "beer," and "wine" have the meanings defined in RCW 66.04.010.

Sec. 16. RCW 66.28.030 and 1997 c 321 s 47 are each amended to read as follows:

Every licensed brewer, domestic brewer and microbrewer, domestic winery, manufacturer holding a certificate of approval, licensed wine importer, and licensed beer importer shall be responsible for the conduct of any licensed {+ spirits, +} beer{+ , +} or wine distributor in selling, or contracting to sell, to retail licensees, {+ spirits, +} beer{+ , +} or wine manufactured by such brewer, domestic brewer and microbrewer, domestic winery, manufacturer holding a certificate of approval, or imported by such {+ liquor, +} beer{+ , +} or wine importer. Where the board finds that any licensed {+ spirits, +} beer{+ , +} or wine distributor has violated any of the provisions of this title or of the regulations of the board in selling or contracting to sell beer or wine to retail licensees, the board may, in addition to any punishment inflicted or imposed upon such distributor, prohibit the sale of the brand or brands of {+ spirits, +} beer{+ , +} or wine involved in such violation to any or all retail licensees within the trade territory usually served by such distributor for such period of time as the board may fix, irrespective of whether the brewer manufacturing such beer or the beer importer importing such beer or the domestic winery manufacturing such wine or the wine importer importing such wine or the certificate of approval holder manufacturing such {+ spirits, +} beer{+ , +} or wine actually participated in such violation.

Sec. 17. RCW 66.28.060 and 1933 ex.s. c 62 s 26 are each amended to read as follows:

Every distillery licensed under this title shall make monthly reports to the board pursuant to the regulations. No such distillery shall make any sale of spirits within the state of Washington except to (({- the board -})) {+ a licensed spirits distributor +}.

Sec. 18. RCW 66.28.070 and 1994 c 201 s 5 and 1994 c 63 s 2 are each reenacted and amended to read as follows:

(1) Except as provided in subsection (2) of this section, it shall be unlawful for any retail {+ spirits, +} beer{+ , +} or wine licensee to purchase {+ spirits, +} beer{+ , +} or wine, except from a duly licensed (({- wholesaler or the board -})) {+ distributor +}, and it shall be unlawful for any brewer, winery, or {+ spirits, +} beer{+ , +} or wine (({- wholesaler -})) {+ distributor +} to purchase {+ spirits, +} beer{+ , +} or wine, except from a duly licensed {+ spirits, +} beer{+ , +} or wine (({- wholesaler -})) {+ distributor +} or importer.

(2) A {+ spirits, +} beer{+ , +} or wine retailer licensee may purchase {+ spirits, +} beer{+ , +} or wine from a government agency which has lawfully seized {+ spirits, +} beer{+ , +} or wine from a licensed {+ spirits, +} beer{+ , +} or wine retailer, or from a board-authorized retailer, or from a licensed retailer which has discontinued business if the (({- wholesaler -})) {+ distributor +} has refused to accept {+ spirits, +} beer{+ , +} or wine from that retailer for return and refund. {+ Spirits, b +} beer{+ , +} and wine purchased under this subsection shall meet the quality standards set by its manufacturer.

(3) Special occasion licensees holding (({- either a class G or J -

))) {+ a special occasion +} license may only purchase beer or wine from a beer or wine retailer duly licensed to sell beer or wine for off-premises consumption(({- , the board, -})) or from a duly licensed beer or wine (({- wholesaler -})) {+ distributor +}.

Sec. 19. RCW 66.28.180 and 1997 c 321 s 51 are each amended to read as follows:

It is unlawful for a person, firm, or corporation holding a certificate of approval issued under RCW 66.24.270 or 66.24.206, {+ a spirits distributor's license, +} a beer distributor's license, a domestic brewer's license, a microbrewer's license, a beer importer's license, a beer distributor's license, a domestic winery license, a wine importer's license, or a wine distributor's license within the state of Washington to modify any prices without prior notification to and approval of the board.

(1) Intent. This section is enacted, pursuant to the authority of this state under the twenty-first amendment to the United States Constitution, to promote the public's interest in fostering the orderly and responsible distribution of (({- malt beverages and wine -})) {+ liquor +} towards effective control of consumption; to promote the fair and efficient three-tier system of distribution of such beverages; and to confirm existing board rules as the clear expression of state policy to regulate the manner of selling and pricing of (({- wine and malt beverages -})) {+ liquor +} by licensed suppliers and distributors.

(2) {+ Spirits, b +}eer{+ , +} and wine distributor price posting.

(a) Every {+ spirits, +} beer{+ , +} or wine distributor shall file with the board at its office in Olympia a price posting showing the wholesale prices at which any and all brands of {+ spirits, +} beer{+ , +} and wine sold by such (({- beer and/or wine -})) distributor shall be sold to retailers within the state.

(b) Each price posting shall be made on a form prepared and furnished by the board, or a reasonable facsimile thereof, and shall set forth:

(i) All brands, types, packages, and containers of beer offered for sale by such beer and/or wine distributor;

(ii) The wholesale prices thereof to retail licensees, including allowances, if any, for returned empty containers.

(c) No {+ spirits, +} beer{+ , +} and/or wine distributor may sell or offer to sell any package or container of {+ spirits, +} beer{+ , +} or wine to any retail licensee at a price differing from the price for such package or container as shown in the price posting filed by the (({- beer and/or wine -})) distributor and then in effect, according to rules adopted by the board.

(d) Quantity discounts are prohibited. No price may be posted that is below acquisition cost plus ten percent of acquisition cost.

However, the board is empowered to review periodically, as it may deem appropriate, the amount of the percentage of acquisition cost as a minimum mark-up over cost and to modify such percentage by rule of the board, except such percentage shall be not less than ten percent.

(e) Distributor prices on a "close-out" item shall be accepted by the board if the item to be discontinued has been listed on the state market for a period of at least six months, and upon the further condition that the distributor who posts such a close-out price shall not restock the item for a period of one year following the first effective date of such close-out price.

(f) The board may reject any price posting that it deems to be in violation of this section or any rule, or portion thereof, or that would tend to disrupt the orderly sale and distribution of {+ spirits,

+} beer{+ , +} and wine. Whenever the board rejects any posting, the licensee submitting the posting may be heard by the board and shall have the burden of showing that the posting is not in violation of this section or a rule or does not tend to disrupt the orderly sale and distribution of {+ spirits, +} beer{+ , +} and wine. If the posting is accepted, it shall become effective at the time fixed by the board. If the posting is rejected, the last effective posting shall remain in effect until such time as an amended posting is filed and approved, in accordance with the provisions of this section.

(g) All price postings filed as required by this section shall at all times be open to inspection to all trade buyers within the state of Washington and shall not in any sense be considered confidential.

(h) Any {+ spirits, +} beer{+ , +} and/or wine distributor or employee authorized by the distributor-employer may sell {+ spirits, +} beer{+ , +} and/or wine at the distributor's posted prices to any annual or special occasion retail licensee upon presentation to the distributor or employee at the time of purchase of a special permit issued by the board to such licensee.

(i) Every annual or special occasion retail licensee, upon purchasing any {+ spirits, +} beer{+ , +} and/or wine from a distributor, shall immediately cause such {+ spirits, +} beer{+ , +} or wine to be delivered to the licensed premises, and the licensee shall not thereafter permit such {+ spirits, +} beer{+ , and/or wine +} to be disposed of in any manner except as authorized by the license.

(ii) {+ Spirits, b +} beer{+ , +} and wine sold as provided in this section shall be delivered by the distributor or an authorized employee either to the retailer's licensed premises or directly to the retailer at the distributor's licensed premises. A distributor's prices to retail licensees shall be the same at both such places of delivery.

(3) Beer and wine suppliers' price filings, contracts, and memoranda.

(a) Every brewery and winery offering beer and/or wine for sale within the state shall file with the board at its office in Olympia a copy of every written contract and a memorandum of every oral agreement which such brewery or winery may have with any beer or wine distributor, which contracts or memoranda shall contain a schedule of prices charged to distributors for all items and all terms of sale, including all regular and special discounts; all advertising, sales and trade allowances, and incentive programs; and all commissions, bonuses or gifts, and any and all other discounts or allowances. Whenever changed or modified, such revised contracts or memoranda shall forthwith be filed with the board as provided for by rule. The provisions of this section also apply to certificate of approval holders, beer and/or wine importers, and beer and/or wine distributors who sell to other beer and/or wine distributors.

Each price schedule shall be made on a form prepared and furnished by the board, or a reasonable facsimile thereof, and shall set forth all brands, types, packages, and containers of beer or wine offered for sale by such licensed brewery or winery; all additional information required may be filed as a supplement to the price schedule forms.

(b) Prices filed by a brewery or winery shall be uniform prices to all distributors on a state-wide basis less bona fide allowances for freight differentials. Quantity discounts are prohibited. No price shall be filed that is below acquisition/production cost plus ten percent of that cost, except that acquisition cost plus ten percent of acquisition cost does not apply to sales of beer or wine between a beer or wine importer who sells beer or wine to another beer or wine importer or to a beer or wine distributor, or to a beer or wine

distributor who sells beer or wine to another beer or wine distributor. However, the board is empowered to review periodically, as it may deem appropriate, the amount of the percentage of acquisition/production cost as a minimum mark-up over cost and to modify such percentage by rule of the board, except such percentage shall be not less than ten percent.

(c) No brewery, winery, certificate of approval holder, beer or wine importer, or beer or wine distributor may sell or offer to sell any beer or wine to any persons whatsoever in this state until copies of such written contracts or memoranda of such oral agreements are on file with the board.

(d) No brewery or winery may sell or offer to sell any package or container of beer or wine to any distributor at a price differing from the price for such package or container as shown in the schedule of prices filed by the brewery or winery and then in effect, according to rules adopted by the board.

(e) The board may reject any supplier's price filing, contract, or memorandum of oral agreement, or portion thereof that it deems to be in violation of this section or any rule or that would tend to disrupt the orderly sale and distribution of beer or wine. Whenever the board rejects any such price filing, contract, or memorandum, the licensee submitting the price filing, contract, or memorandum may be heard by the board and shall have the burden of showing that the price filing, contract, or memorandum is not in violation of this section or a rule or does not tend to disrupt the orderly sale and distribution of beer or wine. If the price filing, contract, or memorandum is accepted, it shall become effective at a time fixed by the board. If the price filing, contract, or memorandum, or portion thereof, is rejected, the last effective price filing, contract, or memorandum shall remain in effect until such time as an amended price filing, contract, or memorandum is filed and approved, in accordance with the provisions of this section.

(f) All prices, contracts, and memoranda filed as required by this section shall at all times be open to inspection to all trade buyers within the state of Washington and shall not in any sense be considered confidential.

Sec. 20. RCW 66.28.190 and 1997 c 321 s 52 are each amended to read as follows:

RCW 66.28.010 notwithstanding, persons licensed under RCW 66.24.200 as wine distributors (({- and -})) {+ , +} persons licensed under RCW 66.24.250 as beer distributors {+ , and persons licensed under section 9 of this act as spirits distributors +} may sell at wholesale nonliquor food products on thirty-day credit terms to persons licensed as retailers under this title, but complete and separate accounting records shall be maintained on all sales of nonliquor food products to ensure that such persons are in compliance with RCW 66.28.010.

For the purpose of this section, "nonliquor food products" includes all food products for human consumption as defined in RCW 82.08.0293 as it exists on July 1, 1987, except that for the purposes of this section bottled water and carbonated beverages, whether liquid or frozen, shall be considered food products.

Sec. 21. RCW 66.44.318 and 1995 c 100 s 2 are each amended to read as follows:

Licensees holding nonretail class liquor licenses are permitted to allow their employees between (({- [the] -})) {+ the +} ages of eighteen and twenty-one to stock, merchandise, and handle {+ spirits,

+} beer{+ , +} or wine on or about the nonretail premises if there is an adult twenty-one years of age or older on duty supervising such activities on the premises.

Sec. 22. RCW 66.44.340 and 1986 c 5 s 1 are each amended to read as follows:

Employers holding (({- class E and/or F -})) {+ retail liquor +} licenses exclusively {+ for off-premises consumption +} are permitted to allow their employees, between the ages of eighteen and twenty-one years, to sell, stock, and handle {+ spirits, +} beer{+ , +} or wine in, on or about any establishment holding (({- a class E and/or class F -})) {+ such +} license exclusively: PROVIDED, That there is an adult twenty-one years of age or older on duty supervising the sale of liquor at the licensed premises: PROVIDED, That minor employees may make deliveries of {+ spirits, +} beer{+ , +} and/or wine purchased from licensees holding (({- class E and/or class F -})) {+ retail liquor +} licenses exclusively, when delivery is made to cars of customers adjacent to such licensed premises but only, however, when the minor employee is accompanied by the purchaser.

{+ NEW SECTION. +} Sec. 23. This act may be known and cited as the liquor control reform act.

{+ NEW SECTION. +} Sec. 24. The following acts or parts of acts are each repealed:

(1) RCW 66.08.070 (Purchase of liquor by board--Consignment not prohibited--Warranty or affirmation not required for wine or malt purchases) and 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s. c 62 s 67;

(2) RCW 66.08.160 (Acquisition of warehouse authorized) and 1947 c 134 s 1;

(3) RCW 66.08.235 (Liquor control board construction and maintenance account) and 1997 c 75 s 1;

(4) RCW 66.12.020 (Sales of liquor to board) and 1933 ex.s. c 62 s 48;

(5) RCW 66.16.010 (Board may establish--Price standards--Prices in special instances) and 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;

(6) RCW 66.16.030 (Vendor to be in charge) and 1933 ex.s. c 62 s 6;

(7) RCW 66.16.041 (Credit and debit card purchases--Rules--Provision, installation, maintenance of equipment by board--Consideration of offsetting liquor revolving fund balance reduction--Report to legislature) and 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291 s 2;

(8) RCW 66.16.050 (Sale of beer and wine to person licensed to sell) and 1933 ex.s. c 62 s 8;

(9) RCW 66.16.060 (Sealed packages may be required, exception) and 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;

(10) RCW 66.16.070 (Liquor cannot be opened or consumed on store premises) and 1933 ex.s. c 62 s 10;

(11) RCW 66.16.080 (Sunday closing) and 1988 c 101 s 1 & 1933 ex.s. c 62 s 11;

(12) RCW 66.16.090 (Record of individual purchases confidential--Penalty for disclosure) and 1933 ex.s. c 62 s 89;

(13) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 & 1987 c 386 s 5; and

(14) RCW 66.24.440 (Liquor by the drink, spirits, beer, and wine restaurant, spirits, beer, and wine private club, and sports

entertainment facility license--Purchase of liquor by licensees--  
Discount) and 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5.

{+ NEW SECTION. +} Sec. 25. This act takes effect July 4, 2001.

{+ NEW SECTION. +} Sec. 26. The provisions of this act are to be  
liberally construed to effectuate the policies and purposes of this  
act.

{+ NEW SECTION. +} Sec. 27. If any provision of this act or its  
application to any person or circumstance is held invalid, the  
remainder of the act or the application of the provision to other  
persons or circumstances is not affected.

{+NEW SECTION.+} Sec. 28. A new section is added to chapter 66.28  
RCW to read as follows:

A retail spirits licensee may sell spirits only during the hours of  
ten o'clock a.m. and eight o'clock p.m. each day, except Sundays.

--- END ---