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HOUSE BILL 1020

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State of Washington                      65th Legislature                      2017 Regular Session

By Representatives Johnson, Fey, Caldier, and Cody

Prefiled 12/05/16.

1            AN ACT Relating to allowing beer and/or wine specialty shop  
2 licensees to sell products made by distillers that produce sixty  
3 thousand gallons or less of spirits per year; reenacting and amending  
4 RCW 66.24.371; and prescribing penalties.

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

6            **Sec. 1.** RCW 66.24.371 and 2011 c 195 s 4 and 2011 c 119 s 204  
7 are each reenacted and amended to read as follows:

8            (1) There ~~((shall be))~~ is a beer and/or wine retailer's license  
9 to be designated as a beer and/or wine specialty shop license to sell  
10 beer, strong beer, and/or wine at retail in bottles, cans, and  
11 original containers, not to be consumed upon the premises where  
12 sold(~~(, at any store other than the state liquor stores. Licensees~~  
13 ~~obtaining a written endorsement from the board may also sell malt~~  
14 ~~liquor in kegs or other containers capable of holding four gallons or~~  
15 ~~more of liquid)). The annual fee for the beer and/or wine specialty~~  
16 shop license is one hundred dollars for each store. ~~((The sale of any~~  
17 ~~container holding four gallons or more must comply with RCW 66.28.200~~  
18 ~~and 66.28.220.))~~

19            (2) Licensees under this section may provide, free or for a  
20 charge, single-serving samples of two ounces or less to customers for  
21 the purpose of sales promotion. Sampling activities of licensees

1 under this section are subject to RCW 66.28.305 and 66.28.040 and the  
2 cost of sampling under this section may not be borne, directly or  
3 indirectly, by any manufacturer, importer, or distributor of liquor.

4 (3) Upon approval by the board, (~~the~~) a beer and/or wine  
5 specialty shop licensee may obtain the following endorsements:

6 (a) A beer and/or wine specialty shop licensee that exceeds fifty  
7 percent beer and/or wine sales may (~~also~~) receive an endorsement to  
8 permit the sale of beer to a purchaser in a sanitary container  
9 brought to the premises by the purchaser, or provided by the licensee  
10 or manufacturer, and fill at the tap by the licensee at the time of  
11 sale. If the beer and/or wine specialty shop licensee does not exceed  
12 fifty percent beer and/or wine sales, the board may waive the fifty  
13 percent beer and/or wine sale criteria if the beer and/or wine  
14 specialty shop maintains alcohol inventory that exceeds fifteen  
15 thousand dollars;

16 (b) A beer and/or wine specialty shop licensee may receive an  
17 endorsement to sell malt liquor in kegs or other containers capable  
18 of holding four gallons or more of liquid. The sale of any container  
19 holding four gallons or more must comply with RCW 66.28.200 and  
20 66.28.220; and

21 (c) A beer and/or wine specialty shop licensee that exceeds fifty  
22 percent liquor sales; maintains a minimum three thousand dollar  
23 wholesale inventory of beer, strong beer, and/or wine; has a licensed  
24 premises under ten thousand square feet; and has obtained his or her  
25 beer and/or wine specialty shop license before January 1, 2016, may  
26 receive an endorsement to sell spirits produced by a craft distillery  
27 or a distiller, licensed in the state of Washington, provided that  
28 the distillery produces sixty thousand gallons or less of spirits per  
29 year.

30 (i) A beer and/or wine specialty shop licensee with an  
31 endorsement to sell spirits must pay to the board, for deposit into  
32 the liquor revolving fund, an issuance fee equivalent to seventeen  
33 percent of all spirits sales revenues, exclusive of taxes collected  
34 by the licensee with such an endorsement and of sales of items on  
35 which a license fee payable under RCW 66.24.630(4)(a) has otherwise  
36 been incurred. The board must establish rules setting forth the  
37 timing of such payments and reporting of sales dollar volume, with  
38 payments required quarterly in arrears.

39 (ii) As a condition to receiving and renewing an endorsement to  
40 sell spirits, a beer and/or wine specialty shop licensee must provide

1 training as prescribed by the board by rule for individuals who sell  
2 spirits or who manage others who sell spirits regarding compliance  
3 with laws and regulations regarding sale of spirits including,  
4 without limitation, the prohibitions against sale of spirits to  
5 individuals who are underage or visibly intoxicated. The training  
6 must be provided before the individual first engages in the sale of  
7 spirits and must be renewed at least every five years. Records must  
8 be maintained documenting the nature and frequency of the training  
9 provided. An employee training program is presumptively sufficient if  
10 it incorporates a responsible vendor program adopted by the board.

11 (iii) The maximum penalties, fines, and suspensions prescribed by  
12 the board for regulatory, public safety, license, and nonretail  
13 violations are doubled for violations relating to the sale of spirits  
14 by beer and/or wine specialty shop licensees with an endorsement to  
15 sell spirits.

16 (4) The board shall issue a restricted beer and/or wine specialty  
17 shop license, authorizing the licensee to sell beer and only table  
18 wine, if the board finds upon issuance or renewal of the license that  
19 the sale of strong beer or fortified wine would be against the public  
20 interest. In determining the public interest, the board shall  
21 consider at least the following factors:

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

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

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

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

36 (5) Licensees holding a beer and/or wine specialty shop license  
37 must maintain a minimum three thousand dollar wholesale inventory of  
38 beer, strong beer, and/or wine.

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

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