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SENATE BILL 5927

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State of Washington

65th Legislature

2017 Regular Session

By Senator Keiser

1 AN ACT Relating to liquor licenses; and amending RCW 66.24.655,  
2 66.24.650, 66.24.363, and 66.24.330.

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

4 **Sec. 1.** RCW 66.24.655 and 2013 c 237 s 1 are each amended to  
5 read as follows:

6 (1) There is a theater license to sell spirits, beer, including  
7 strong beer, or wine, or all, at retail, for consumption on theater  
8 premises. A spirits, beer, and wine theater license may be issued  
9 ((only)) to theaters ((that have no more than one hundred twenty  
10 seats per screen and)) that are maintained in a substantial manner as  
11 a place for preparing, cooking, and serving complete meals ((and  
12 providing tabletop accommodations for in-theater dining)).  
13 Requirements for complete meals are the same as those adopted by the  
14 board in rules pursuant to chapter 34.05 RCW for a spirits, beer, and  
15 wine restaurant license authorized by RCW 66.24.400. The annual fee  
16 for a spirits, beer, and wine theater license is two thousand  
17 dollars.

18 (2) If the theater premises is to be frequented by minors, an  
19 alcohol control plan must be submitted to the board at the time of  
20 application. The alcohol control plan must be approved by the board

1 and be prominently posted on the premises, prior to minors being  
2 allowed.

3 (3) For the purposes of this section:

4 (a) "Alcohol control plan" means a written, dated, and signed  
5 plan submitted to the board by an applicant or licensee for the  
6 entire theater premises, or rooms or areas therein, that shows where  
7 and when alcohol is permitted, where and when minors are permitted,  
8 and the control measures used to ensure that minors are not able to  
9 obtain alcohol or be exposed to environments where drinking alcohol  
10 predominates.

11 (b) "Theater" means a place of business where motion pictures or  
12 other primarily nonparticipatory entertainment are shown.

13 (4) The board must adopt rules regarding alcohol control plans  
14 and necessary control measures to ensure that minors are not able to  
15 obtain alcohol or be exposed to areas where drinking alcohol  
16 predominates. All alcohol control plans must include a requirement  
17 that any person involved in the serving of spirits, beer, and/or wine  
18 must have completed a mandatory alcohol server training program.

19 (5)(a) A licensee that is an entity that is exempt from taxation  
20 under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue  
21 code of 1986, as amended as of January 1, 2013, may enter into  
22 arrangements with a spirits, beer, or wine manufacturer, importer, or  
23 distributor for brand advertising at the theater or promotion of  
24 events held at the theater. The financial arrangements providing for  
25 the brand advertising or promotion of events may not be used as an  
26 inducement to purchase the products of the manufacturer, importer, or  
27 distributor entering into the arrangement and such arrangements may  
28 not result in the exclusion of brands or products of other companies.

29 (b) The arrangements allowed under this subsection (5) are an  
30 exception to arrangements prohibited under RCW 66.28.305. The board  
31 must monitor the impacts of these arrangements. The board may conduct  
32 audits of a licensee and the affiliated business to determine  
33 compliance with this subsection (5). Audits may include, but are not  
34 limited to: Product selection at the facility; purchase patterns of  
35 the licensee; contracts with the spirits, beer, or wine manufacturer,  
36 importer, or distributor; and the amount allocated or used for  
37 spirits, beer, or wine advertising by the licensee, affiliated  
38 business, manufacturer, importer, or distributor under the  
39 arrangements.

1 (6) The maximum penalties prescribed by the board in WAC  
2 314-29-020 relating to fines and suspensions are double for  
3 violations involving minors or the failure to follow the alcohol  
4 control plan with respect to theaters licensed under this section.

5 **Sec. 2.** RCW 66.24.650 and 2013 c 219 s 1 are each amended to  
6 read as follows:

7 (1) There is a theater license to sell beer, including strong  
8 beer, or wine, or both, at retail, for consumption on theater  
9 premises. The annual fee is four hundred dollars for a beer and wine  
10 theater license.

11 (2) If the theater premises is to be frequented by minors, an  
12 alcohol control plan must be submitted to the board at the time of  
13 application. The alcohol control plan must be approved by the board,  
14 and be prominently posted on the premises, prior to minors being  
15 allowed.

16 (3) For the purposes of this section:

17 (a) "Alcohol control plan" means a written, dated, and signed  
18 plan submitted to the board by an applicant or licensee for the  
19 entire theater premises, or rooms or areas therein, that shows where  
20 and when alcohol is permitted, where and when minors are permitted,  
21 and the control measures used to ensure that minors are not able to  
22 obtain alcohol or be exposed to environments where drinking alcohol  
23 predominates.

24 (b) "Theater" means a place of business where motion pictures or  
25 other primarily nonparticipatory entertainment are shown(~~(, and~~  
26 ~~includes only theaters with up to four screens))~~).

27 (4) The board must adopt rules regarding alcohol control plans  
28 and necessary control measures to ensure that minors are not able to  
29 obtain alcohol or be exposed to areas where drinking alcohol  
30 predominates. All alcohol control plans must include a requirement  
31 that any person involved in the serving of beer and/or wine must have  
32 completed a mandatory alcohol server training program.

33 (5)(a) A licensee that is an entity that is exempt from taxation  
34 under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue  
35 code of 1986, as amended as of January 1, 2013, may enter into  
36 arrangements with a beer or wine manufacturer, importer, or  
37 distributor for brand advertising at the theater or promotion of  
38 events held at the theater. The financial arrangements providing for  
39 the brand advertising or promotion of events may not be used as an

1 inducement to purchase the products of the manufacturer, importer, or  
2 distributor entering into the arrangement and such arrangements may  
3 not result in the exclusion of brands or products of other companies.

4 (b) The arrangements allowed under this subsection (5) are an  
5 exception to arrangements prohibited under RCW 66.28.305. The board  
6 must monitor the impacts of these arrangements. The board may conduct  
7 audits of a licensee and the affiliated business to determine  
8 compliance with this subsection (5). Audits may include, but are not  
9 limited to: Product selection at the facility; purchase patterns of  
10 the licensee; contracts with the beer or wine manufacturer, importer,  
11 or distributor; and the amount allocated or used for wine or beer  
12 advertising by the licensee, affiliated business, manufacturer,  
13 importer, or distributor under the arrangements.

14 (6) The maximum penalties prescribed by the board in WAC  
15 314-29-020 relating to fines and suspensions are double for  
16 violations involving minors or the failure to follow the alcohol  
17 control plan with respect to theaters licensed under this section.

18 **Sec. 3.** RCW 66.24.363 and 2013 c 52 s 1 are each amended to read  
19 as follows:

20 (1) A grocery store licensed under RCW 66.24.360 may apply for an  
21 endorsement to offer beer and wine tasting under this section.

22 (2) To be issued an endorsement, a licensee must meet the  
23 following criteria:

24 (a) The licensee operates a fully enclosed retail area  
25 encompassing at least ten thousand square feet of fully enclosed  
26 retail space within a single structure, including storerooms and  
27 other interior auxiliary areas but excluding covered or fenced  
28 exterior areas, whether or not attached to the structure, except that  
29 the board may issue an endorsement to a licensee with a retail area  
30 encompassing less than ten thousand square feet if:

31 (i) The board determines that no licensee in the community the  
32 licensee serves meets the square footage requirement and the licensee  
33 meets operational requirements established by the board by rule; or

34 (ii) The licensee derives at least fifty percent of its revenue  
35 from the sale of any combination of (A) fresh meat, (B) fresh  
36 poultry, (C) seafood, or (D) cheese. For the purposes of this  
37 subsection, "fresh" has the same meaning as provided by the United  
38 States food and drug administration under 21 C.F.R. 101.95; and

1 (b) The licensee has not had more than one public safety  
2 violation within the past two years.

3 (3) A tasting must be conducted under the following conditions:

4 (a) Each sample must be two ounces or less, up to a total of four  
5 ounces, per customer during any one visit to the premises;

6 (b) No more than one sample of the same product offering of beer  
7 or wine may be provided to a customer during any one visit to the  
8 premises;

9 (c) The licensee must have food available for the tasting  
10 participants;

11 (d) Customers must remain in the service area while consuming  
12 samples; and

13 (e) The service area and facilities must be located within the  
14 licensee's fully enclosed retail area and must be of a size and  
15 design such that the licensee can observe and control persons in the  
16 area to ensure that persons under twenty-one years of age and  
17 apparently intoxicated persons cannot possess or consume alcohol.

18 (4) Employees of licensees whose duties include serving during  
19 tasting activities under this section must hold a class 12 alcohol  
20 server permit.

21 (5) Tasting activities under this section are subject to RCW  
22 66.28.305 and 66.28.040 and the cost of sampling may not be borne,  
23 directly or indirectly, by any liquor manufacturer, importer, or  
24 distributor.

25 (6) A licensee may advertise a tasting event only within the  
26 store, on a store web site, in store newsletters and flyers, and via  
27 email and mail to customers who have requested notice of events.  
28 Advertising under this subsection may not be targeted to or appeal  
29 principally to youth.

30 (7)(a) If a licensee is found to have committed a public safety  
31 violation in conjunction with tasting activities, the board may  
32 suspend the licensee's tasting endorsement and not reissue the  
33 endorsement for up to two years from the date of the violation. If  
34 mitigating circumstances exist, the board may offer a monetary  
35 penalty in lieu of suspension during a settlement conference.

36 (b) The board may revoke an endorsement granted to a licensee  
37 that is located within the boundaries of an alcohol impact area  
38 recognized by resolution of the board if the board finds that the  
39 tasting activities by the licensee are having an adverse effect on  
40 the reduction of chronic public inebriation in the area.

1 (c) RCW 66.08.150 applies to the suspension or revocation of an  
2 endorsement.

3 (8) The board may establish additional requirements under this  
4 section to assure that persons under twenty-one years of age and  
5 apparently intoxicated persons cannot possess or consume alcohol.

6 (9) The annual fee for the endorsement is two hundred dollars.  
7 The board (~~shall~~) must review the fee annually and may increase the  
8 fee by rule to a level sufficient to defray the cost of  
9 administration and enforcement of the endorsement, except that the  
10 board may not increase the fee by more than ten percent annually.

11 (10) The board must adopt rules to implement this section.

12 **Sec. 4.** RCW 66.24.330 and 2003 c 167 s 7 are each amended to  
13 read as follows:

14 (1) There (~~shall be~~) is a beer and wine retailer's license to  
15 be designated as a tavern license to sell beer, including strong  
16 beer, or wine, or both, at retail, for consumption on the premises.  
17 Such licenses may be issued only to a person operating a tavern that  
18 may be frequented only by persons twenty-one years of age and older.

19 (2) The annual fee for (~~such~~) the license (~~shall be~~) is two  
20 hundred dollars for the beer license, two hundred dollars for the  
21 wine license, or four hundred dollars for a combination beer and wine  
22 license. Licensees who have a fee increase of more than one hundred  
23 dollars as a result of this change shall have their fees increased  
24 fifty percent of the amount the first renewal year and the remaining  
25 amount beginning with the second renewal period. New licensees  
26 obtaining a license after July 1, 1998, (~~shall~~) must pay the full  
27 amount of four hundred dollars.

28 (3)(a) The board may issue a caterer's endorsement to this  
29 license to allow the licensee to remove from the liquor stocks at the  
30 licensed premises, only those types of liquor that are authorized  
31 under the on-premises license privileges for sale and service at  
32 event locations at a specified date and, except as provided in  
33 subsection (4) of this section, place not currently licensed by the  
34 board. If the event is open to the public, it must be sponsored by a  
35 society or organization as defined by RCW 66.24.375. If attendance at  
36 the event is limited to members or invited guests of the sponsoring  
37 individual, society, or organization, the requirement that the  
38 sponsor must be a society or organization as defined by RCW 66.24.375  
39 is waived. Cost of the endorsement is three hundred fifty dollars.

1       (b) The holder of this license with a catering endorsement must,  
2 if requested by the board, notify the board or its designee of the  
3 date, time, place, and location of any catered event. Upon request,  
4 the licensee must provide to the board all necessary or requested  
5 information concerning the society or organization that will be  
6 holding the function at which the endorsed license will be utilized.

7       (c) The holder of this license with a caterer's endorsement may,  
8 under conditions established by the board, store liquor on the  
9 premises of another not licensed by the board so long as there is a  
10 written agreement between the licensee and the other party to provide  
11 for ongoing catering services, the agreement contains no exclusivity  
12 clauses regarding the alcoholic beverages to be served, and the  
13 agreement is filed with the board.

14       (d) The holder of this license with a caterer's endorsement may,  
15 under conditions established by the board, store liquor on other  
16 premises operated by the licensee so long as the other premises are  
17 owned or controlled by a leasehold interest by that licensee. A  
18 duplicate license may be issued for each additional premises. A  
19 license fee of twenty dollars is required for such duplicate  
20 licenses.

21       (4) Licensees under this section that hold a caterer's  
22 endorsement are allowed to use this endorsement on a domestic winery  
23 premises and may store liquor at such premises under conditions  
24 established by the board under the following conditions:

25       (a) Agreements between the domestic winery and the retail  
26 licensee must be in writing, contain no exclusivity clauses regarding  
27 the alcoholic beverages to be served, and be filed with the board;  
28 and

29       (b) The domestic winery and the retail licensee may be separately  
30 contracted and compensated by the persons sponsoring the event for  
31 their respective services.

32       (5) The holder of this license or its manager may furnish beer or  
33 wine to the licensee's employees free of charge as may be required  
34 for use in connection with instruction on beer and wine. The  
35 instruction may include the history, nature, values, and  
36 characteristics of beer or wine, the use of wine lists, and the  
37 methods of presenting, serving, storing, and handling beer or wine.  
38 The tavern licensee must use the beer or wine it obtains under its  
39 license for the sampling as part of the instruction. The instruction  
40 must be given on the premises of the tavern licensee.

1       (6) Any person serving liquor at a catered event on behalf of a  
2 licensee with a caterer's endorsement under this section must be an  
3 employee of the licensee and must possess a class 12 alcohol server  
4 permit as required under RCW 66.20.310.

5       (7) The board may issue rules as necessary to implement the  
6 requirements of this section.

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