
SENATE BILL 5729

State of Washington

61st Legislature

2009 Regular Session

By Senators Sheldon, Hewitt, and Schoesler

Read first time 01/29/09. Referred to Committee on Labor, Commerce & Consumer Protection.

1 AN ACT Relating to alcohol sales; amending RCW 66.08.026,
2 66.08.150, 66.08.220, 66.24.440, and 66.20.160; adding a new chapter to
3 Title 66 RCW; and providing an expiration date.

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

5 NEW SECTION. **Sec. 1.** The state of Washington currently contracts
6 out part of its retail sales by allowing contract liquor stores to sell
7 liquor. The legislature intends that further contracting out of the
8 state's retail liquor sales will result in a system that is more
9 efficient than public sector retailing. Therefore, the legislature
10 intends to close a portion of the state's retail liquor stores, to
11 contract out their operation to private individuals, and to monitor the
12 impact of the store closures.

13 NEW SECTION. **Sec. 2.** (1) "Contract liquor store" means a
14 privately owned business having an agreement with the board beginning
15 after July 1, 2009, to sell spirits and wine in original packaging for
16 off-premises consumption.

17 (2) "Contract liquor store manager" means an individual person

1 appointed by the board who enters into an agreement to sell spirits and
2 wine in original packaging for off-premises consumption on behalf of
3 the board in a contract liquor store.

4 (3) "Contract liquor store agreement" means a written contract
5 between the board and a contract liquor store manager that specifies
6 the terms, conditions, and obligations between both parties.

7 (4) "State retail liquor store" or "state liquor store" means a
8 state liquor store as used in chapter 66.16 RCW and does not include
9 contract liquor stores.

10 NEW SECTION. **Sec. 3.** (1) A task force on the contracting out of
11 liquor is created to advise the board as it implements further
12 contracting out of liquor stores. The task force membership shall
13 consist of:

14 (a) One member from each caucus of the senate, appointed by the
15 president of the senate;

16 (b) One member from each caucus of the house of representatives,
17 appointed by the speaker of the house of representatives;

18 (c) One representative of city governments, appointed jointly by
19 the president of the senate and the speaker of the house of
20 representatives;

21 (d) One representative of county governments, appointed jointly by
22 the president of the senate and the speaker of the house of
23 representatives;

24 (e) A representative of the liquor control board. The board shall
25 cooperate with the task force and provide technical expertise and
26 staffing as the task force may reasonably require;

27 (f) A representative of the governor's council on substance abuse.

28 (2) The task force shall choose its cochairs from among its
29 membership.

30 (3) Each nonlegislative member of the task force is eligible to be
31 reimbursed for travel expenses in accordance with RCW 43.03.050 and
32 43.03.060. All expenses of the task force, including travel, shall be
33 paid jointly by the senate and the house of representatives.

34 (4) The task force shall:

35 (a) Assist the board in determining which state liquor stores to
36 close;

1 (b) Assist the board in determining criteria for awarding contract
2 liquor store agreements.

3 (5) This section expires July 1, 2012.

4 NEW SECTION. **Sec. 4.** Notwithstanding any other provision of law,
5 the board is directed to implement the closure of twenty-five state
6 liquor stores between July 1, 2010, and December 1, 2010. When
7 determining which liquor stores to close, the board must give due
8 consideration to recommendations from the task force. A state liquor
9 store may not be closed unless one contract liquor store exists in the
10 area served by the liquor store, or unless the board determines that
11 reasonable alternative access is available to persons who previously
12 purchased products from the state liquor store that is closing.

13 NEW SECTION. **Sec. 5.** Nothing in this act shall be construed to
14 require the closing of any contract liquor stores having contracts with
15 the board before January 1, 2009, to sell spirits and wine for off-
16 premises consumption, or to require these contract liquor store
17 managers to pay a fee to continue to operate their stores.

18 NEW SECTION. **Sec. 6.** (1) The board may locate one contract liquor
19 store within the area served by a closing state retail liquor store.
20 The total inventory granted to a contract liquor store when it opens
21 must not exceed the total volume that would have been granted to the
22 closing state liquor store if it was still in operation at that time.
23 The board may increase or decrease the amount of the combined inventory
24 at contract liquor stores if demand for products changes, provided that
25 the guidelines for the change of inventory are the same as those for
26 inventory changes at state retail liquor stores.

27 (2) The board shall determine the procedural guidelines of the
28 contract liquor stores including, but not limited to, guidelines
29 regarding inventory, performance standards, operations, and required
30 reporting to the board.

31 (3) The board reserves the right to add, relocate, or close
32 contract liquor stores. When adding, relocating, or closing contract
33 liquor stores, the board must use the same decision process and
34 criteria that it uses to add, close, or relocate state retail liquor
35 stores and contract liquor stores. Neither the state of Washington nor

1 the board is liable for any changes in the volume of alcohol sales that
2 may occur following the addition, relocation, or closure of contract
3 liquor stores.

4 NEW SECTION. **Sec. 7.** (1) The board must advertise the opportunity
5 for a contract liquor store agreement in the daily newspaper in the
6 county where the contract liquor store is to be located. The
7 advertisement must include:

8 (a) The starting date of a contract liquor store agreement.

9 (b) General selection criteria and procedures for selecting and
10 appointing a contract liquor store manager.

11 (c) Information on the costs involved in purchasing a contract
12 liquor store agreement.

13 (d) Deadline for receiving applications.

14 (e) Directions for obtaining additional information.

15 (2) After the application deadline, a screening committee of board
16 staff shall evaluate all applications according to the selection
17 criteria specified in section 8 of this act and recommend applicants
18 for an interview. A separate interview committee of board staff will
19 then conduct personal interviews with the remaining applicants. The
20 interview committee shall recommend finalists who are most qualified
21 based on the selection criteria specified in section 8 of this act to
22 the three liquor control board members.

23 (3) If an appointed contract liquor store manager cannot begin
24 operation of the contract liquor store by the required date, the three
25 liquor control board members may select another applicant from the list
26 of finalists recommended by the interview committee.

27 (4) The board must take into account input from local
28 jurisdictions, schools, and churches pursuant to RCW 66.24.010 when
29 determining locations for contract liquor stores.

30 (5) This section does not apply if a contract liquor store manager
31 dies or becomes indefinitely disabled and is succeeded by a family
32 member or assignee as provided in section 10 of this act.

33 NEW SECTION. **Sec. 8.** (1) The board may adopt rules regarding the
34 criteria for awarding contract liquor store agreements, and must give
35 due consideration to the recommendations of the task force regarding
36 these criteria.

1 (2) When the board selects a contract liquor store manager, the
2 board must evaluate the knowledge, skills, and abilities of all
3 applicants in the following areas:

4 (a) Specific experience selling spirits and wine in state retail
5 liquor stores in Washington, and being familiar with Washington state's
6 inventory system, liquor control rules and laws, and state retail
7 liquor store procedures;

8 (b) Retail business experience including, but not limited to,
9 responsibility for inventory control, cash accountability, supervision
10 of personnel, and customer service;

11 (c) Knowledge of retail operations or business management,
12 including study or training in those or related fields;

13 (d) Customer service skills and ability to communicate and work
14 effectively with the public;

15 (e) Whether the applicant's health permits full-time supervision of
16 a contract liquor store;

17 (f) The applicant's record of felony conviction, conviction of a
18 crime relating to money management fraud, or a history of conviction of
19 crimes relating to the abuse of alcohol or controlled substances;

20 (g) The applicant's financial ability to purchase or lease and
21 equip the contract liquor store at the board-approved location, and to
22 pay the required contract liquor store agreement fee;

23 (h) Possession of a certificate of liability insurance from his or
24 her insurance carrier.

25 (3) A contract liquor store manager must be at least twenty-one
26 years old.

27 (4) A contract liquor store manager must not have any financial
28 interest in a business licensed as a distillery whose products are sold
29 in Washington. For the purposes of this section, "financial interest"
30 means knowingly having an ownership interest, as a sole proprietor,
31 partner, limited partner, or stockholder in any direct or indirect
32 interest through a device such as a holding company.

33 (5) A contract liquor store manager must not knowingly provide
34 anything of value in return for something of value to any distillery
35 whose products are sold in Washington, provided that this does not
36 prohibit persons from providing services and commodities to each other
37 that they routinely provide to the general public under the same terms.

1 (6) No contract liquor store manager or member of the manager's
2 household or immediate family may be employed by any distillery whose
3 products are sold in Washington.

4 NEW SECTION. **Sec. 9.** (1) The fee for purchasing a contract liquor
5 store agreement when, immediately prior to the agreement's execution
6 date, a state retail liquor store was in operation in the area served
7 by the contract liquor store, is two percent of the average gross
8 annual sales for the last five years at the state retail liquor store
9 serving that area. This fee is to be paid to the board upon the
10 execution of a contract liquor store agreement.

11 (2) The fee for purchasing a contract liquor store when,
12 immediately prior to the agreement's execution date, a contract liquor
13 store was in operation in the area to be served by the contract liquor
14 store, is two percent of the average gross annual sales for the last
15 five years at the contract liquor store serving that area. If the
16 prior contract liquor store has not been in operation for five years,
17 the board shall determine a reasonable gross sales period on which to
18 base the two percent fee.

19 (3) Family members of a deceased or indefinitely disabled contract
20 liquor store manager who replace that manager are not required to pay
21 the fee specified in this section.

22 NEW SECTION. **Sec. 10.** (1) The board may adopt rules regarding the
23 termination of contract liquor store agreements.

24 (2) A contract liquor store manager may terminate a contract liquor
25 store agreement with at least ninety days' written notice to the board.
26 The notice must specify the reason for the termination, as well as a
27 fair purchase price for fixtures and equipment used in the contract
28 liquor store that are required for its continued operation.

29 (3) The board may terminate a contract liquor store agreement for
30 good cause. For the purposes of this section, good cause includes, but
31 is not limited to:

32 (a) The contract liquor store manager becomes insolvent, unable or
33 unwilling to pay contract liquor store debts, applies for or consents
34 to the appointment of a receiver or trustee, or makes a general
35 assignment for the benefit of creditors;

1 (b) The contract liquor store manager violates any applicable
2 federal, state, or local statute or any rule adopted by the board
3 pursuant to this chapter;

4 (c) The contract liquor store manager has repeated excessive
5 shortages as verified by audit;

6 (d) The contract liquor store manager gives unsatisfactory service
7 to the community as reflected by a pattern of confirmed and verified
8 complaints from the public;

9 (e) The contract liquor store manager or an employee of the manager
10 misappropriates or participates in misappropriation of money or other
11 property of the board or intentionally or negligently violates any
12 policy or procedure which causes a financial loss to the board;

13 (f) The contract liquor store manager becomes physically or
14 mentally impaired, rendering him or her unable to properly perform or
15 fulfill the contract liquor store manager's duties either permanently
16 or for an indefinite period;

17 (g) The contract liquor store manager uses or allows the use of the
18 contract liquor store premises for any activity illegal under federal,
19 state, or local laws.

20 (4) Upon the death or incapacity of the contract liquor store
21 manager, the board may appoint a surviving family member or assignee
22 who has been actively involved in the business to manage the contract
23 liquor store, provided the board determines the family member or
24 assignee is qualified according to section 8 of this act.

25 NEW SECTION. **Sec. 11.** (1) The board may adopt rules regarding the
26 shipping and inventory of liquor to contract liquor stores.

27 (2) The board shall ship to the contract liquor store on a prepaid
28 freight basis, liquor that is to be kept for sale by the contract
29 liquor store manager. The board shall maintain ownership over all
30 liquor until the time it is properly sold.

31 (3) The board shall determine by rule the hours during which
32 contract liquor stores are allowed to sell liquor, and procedures for
33 displaying liquor when liquor sales are not allowed.

34 (4) The board shall determine the amounts, classes, varieties, and
35 brands of liquor listed for sale statewide. The board shall work with
36 the contract liquor store manager to ensure a choice of products to the

1 community being served. Where items are in short supply, the contract
2 liquor store manager shall have an equal opportunity to order and
3 receive these items.

4 (5) The board shall issue and distribute price lists showing the
5 price to be paid by purchasers for each item of liquor for sale at the
6 contract liquor store.

7 (6) The board shall assign licensees' accounts to a state retail
8 liquor store or contract liquor store. No solicitation of licensee
9 accounts is allowed. The board will normally assign restaurant
10 accounts to the nearest state retail liquor store or contract liquor
11 store. Any discounts currently received by licensees shall also be
12 honored at contract liquor stores.

13 (7) The board shall provide a bank account, in the local community
14 where possible, for daily deposit of funds derived from the sale of
15 liquor and banquet permits by the contract liquor store manager. Daily
16 deposit of funds by the contract liquor store manager is required
17 unless an exception has been agreed to in writing by the board and the
18 contract liquor store manager.

19 (8) The board shall pay the contract liquor store manager on or
20 about the tenth day of the month following the month of sale, after
21 receipt of sales reports and transaction summaries, an amount equal to
22 the compensation formula to be determined by the board by rule.
23 Compensation must include a base rate and a tiered commission based on
24 sales. The board may increase contract liquor store commissions to
25 attract or maintain contract liquor store managers. The compensation
26 formula must be reviewed before July 1 every two years, and the
27 compensation rates may be adjusted by the board. All proposed
28 compensation adjustments must be approved by the board and by the
29 director of the office of financial management, in accordance with RCW
30 66.08.026.

31 (9) Any operating shortages verified by formal audit shall be
32 deducted from any compensation due and owing to the contract liquor
33 store manager until the amount of the shortage is paid in full. The
34 board will allow shortages of one-half of one percent of the contract
35 liquor store manager's gross sales during the audit period to be paid
36 at cost. Shortages in excess of one-half of one percent shall be paid
37 at full retail price.

1 (10) The board is authorized to inspect the contract liquor store
2 and its books at any reasonable time for compliance with the
3 regulations of this chapter, and any rules adopted by the board
4 regarding this chapter.

5 NEW SECTION. **Sec. 12.** (1) Contract liquor store managers shall
6 sell the board's liquor to retail customers and all eligible liquor
7 licensees on the contract liquor store premises at prices set by the
8 board.

9 (2) Contract liquor store managers shall maintain the security of,
10 and prevent damage to, the liquor and any other property of the board.

11 (3) Contract liquor store managers shall account for all inventory,
12 sales, and receipts on forms or equipment and at time intervals as may
13 be required by the board.

14 (4) Contract liquor store managers shall display liquor
15 attractively and maintain the contract liquor store premises in a
16 manner that allows customers a clean, comfortable, and safe environment
17 to make purchases.

18 (5) Contract liquor store managers are responsible for receiving
19 freight shipments and maintaining an accurate count of merchandise
20 received.

21 (6) Contract liquor store managers shall maintain sufficient hours
22 of operation at convenient times to serve the public, as determined by
23 the board, and shall follow the board's guidelines for the display of
24 liquor when liquor is not allowed to be sold. No liquor sales, except
25 beer or wine under a beer and/or wine specialty shop license or beer
26 and/or wine grocery store license, shall be made by contract liquor
27 store managers on Sundays. Contract liquor stores may open or close on
28 state holidays at the discretion of the contract liquor store manager.

29 (7) Contract liquor store managers shall request the liquor items
30 offered by the contract liquor store for sale each week. The weekly
31 requisitions shall be based on what may be reasonably expected to meet
32 customer and licensee demand, subject to the restrictions on total
33 inventory specified in section 6 of this act.

34 (8) Contract liquor store managers shall adhere to the policy and
35 guidelines of the board concerning the operation of the contract liquor
36 store related to the control of the board's assets and comply with
37 legal requirements under local, state, and federal law.

1 (9) Contract liquor store managers shall comply with advertising
2 restrictions in accordance with RCW 66.08.060.

3 (10) Contract liquor store managers shall comply with the use of
4 the Washington state insignia or references to the board's restrictions
5 in accordance with rules adopted by the department.

6 (11) Contract liquor store managers may also hold or apply for a
7 license to sell beer under a beer and/or wine specialty shop license
8 under RCW 66.24.371 or a beer and/or wine grocery store license under
9 RCW 66.24.360. If licensed, the contract liquor store manager may sell
10 beer purchased from a duly licensed beer distributor, on the premises
11 of the contract liquor store.

12 (12) Contract liquor store managers shall not sell liquor other
13 than at the contract liquor store premises, unless licensed to do so.

14 (13) Contract liquor store managers shall not deliver any liquor to
15 a purchaser at a location other than the contract liquor store.

16 (14) Contract liquor store managers shall not withdraw or allow to
17 be withdrawn merchandise for any purpose other than sale at current
18 board prices. Damaged or defective merchandise may be destroyed in
19 accordance with procedures adopted by rule by the department.

20 (15) All expenses for employees hired by contract liquor store
21 managers are the responsibility of the contract liquor store manager.
22 Contract liquor store managers must provide training to employees
23 regarding the rules and regulations that apply to contract liquor
24 stores.

25 (16) Contract liquor store managers must secure board approval
26 prior to moving a store to a new location. The board must follow all
27 public notice requirements specified in RCW 66.24.010.

28 (17) Contract liquor store managers shall not sell or allow to be
29 sold, any liquor, owned by the board, except for cash or credit or
30 debit cards presented at the time of sale.

31 Personal or business checks may be accepted as cash, but the
32 contract liquor store manager is responsible for their value. The
33 board will accept responsibility for check value, when the board has
34 authorized acceptance of the check from a licensee account, as a result
35 of a letter of credit from the licensee's bank, or an agreement which
36 has been properly completed and is on file with the board.

37 (18) Contract liquor store managers must open the contract liquor
38 store and its books and records at any reasonable time to inspection

1 and audit by the board, the state auditor, the legislative evaluation
2 and accountability program, and the joint legislative audit and review
3 committee.

4 NEW SECTION. **Sec. 13.** (1) In addition to other provisions of law,
5 it is unlawful for any contract liquor store manager or employee to:

6 (a) Sell or offer for sale any liquor other than from the original
7 package or container;

8 (b) Sell, give away, or permit the sale, gift, or procurement of
9 any liquor for or to any person under twenty-one years of age;

10 (c) Sell, give away, or permit the sale, gift, or procurement of
11 any liquor for or to any person apparently intoxicated;

12 (d) Permit the consumption of any spirits, strong beer, or alcohol
13 on the premises by any person;

14 (e) Alter, change, or misrepresent the quality, quantity, or brand
15 name of any liquor with the intent to defraud;

16 (f) Permit any person under twenty-one years of age to sell or give
17 liquor to any other person, except to assist a cashier who is twenty-
18 one years of age or older; or

19 (g) Purchase or otherwise obtain liquor in any manner or from any
20 source other than that specifically authorized in this title.

21 (2) Violations of any provision of this chapter or any rule adopted
22 by the board, or any false statement concerning any material fact, or
23 omission of any material fact in submitting an application for a
24 contract liquor store agreement or in any hearing concerning the
25 suspension or revocation of a contract liquor store agreement, or the
26 commission of any of the acts declared in this chapter to be unlawful,
27 is subject to disciplinary action by the board, including suspension or
28 revocation of the contract liquor store agreement. No fees paid for
29 the contract liquor store agreement will be refunded. The board shall
30 develop rules to implement and enforce this subsection and may assess
31 an administrative penalty for violations.

32 (3) Nothing in this chapter or any rule of the board prevents or
33 prohibits any contract liquor store manager from employing any person
34 who is at least eighteen years of age to serve in any contract liquor
35 store, or from having a person assist a person twenty-one years of age
36 or older who handles, sells, or delivers spirits, strong beer, or
37 alcohol under this chapter.

1 NEW SECTION. **Sec. 14.** (1) The board shall assume liability for
2 loss of board-owned property when a burglary, robbery, fire, or loss
3 due to an act of nature occurs, as long as the contract liquor store
4 manager has implemented reasonable precautions as determined by rule by
5 the department. Loss prevention measures and precautions will be
6 reviewed, and revised annually if necessary, by agreement of the board
7 and the contract liquor store manager.

8 (2) The contract liquor store manager is responsible for providing
9 adequate insurance coverage at his or her own expense to protect
10 against his or her portion of the legal liability arising out of
11 activities as a contract liquor store manager.

12 (3) The contract liquor store manager shall provide a certificate
13 of liability insurance from the insurance carrier to the board.

14 (4) The contract liquor store manager is an independent contractor.
15 Neither the contract liquor store manager nor the contract liquor store
16 manager's employees are employees of the board, and are not entitled to
17 any of the rights, benefits, or privileges accorded to employees of the
18 state of Washington.

19 (5) Any claims or damages arising out of the contract liquor store
20 manager's operation of a nonliquor sales business or sales of goods
21 other than liquor are the contract liquor store manager's sole
22 responsibility. The contract liquor store manager indemnifies the
23 board for any damages and costs of suit, however denominated, arising
24 from those activities.

25 (6) The board assumes no liability with respect to any bodily
26 injury, the contract liquor store manager's portion of liquor
27 liability, illness, accident, theft, or any other damages or losses
28 concerning persons or property, except as provided in subsection (1) of
29 this section.

30 NEW SECTION. **Sec. 15.** The joint legislative audit and review
31 committee is directed to study the impacts of further contracting out
32 the state's retail sale of liquor, and to deliver a report on their
33 findings to the legislature by December 31, 2012. The legislature
34 directs that the impacts to be studied shall include, but shall not be
35 limited to: Underage access to alcohol in state retail liquor stores
36 and contract liquor stores; alcohol consumption rates; state revenue;

1 traffic accidents and fatalities related to alcohol use; and crimes
2 directly related to alcohol use.

3 NEW SECTION. **Sec. 16.** (1) For the purpose of carrying into effect
4 the provisions of this chapter according to their true intent or of
5 supplying any deficiency therein, the board may make regulations not
6 inconsistent with the spirit of this chapter as deemed necessary or
7 advisable. All regulations shall be a public record, filed in the
8 office of the code reviser, and have the same force and effect as if
9 incorporated in this chapter.

10 (2) Without limiting the generality of the provisions contained in
11 subsection (1) of this section, it is declared that the power of the
12 board to make regulations in the manner set out in subsection (1) of
13 this section shall extend to:

14 (a) Regulating the equipment and management of contract liquor
15 stores in which state liquor is sold or kept, prescribing the books and
16 records to be kept, and the reports to be made to the board;

17 (b) Prescribing the duties of contract liquor store managers and
18 their employees, and regulating their conduct in the discharge of their
19 duties;

20 (c) Governing the purchase of liquor by the state and the
21 furnishing of liquor to contract liquor stores established under this
22 chapter;

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

25 (e) Prescribing the hours during which the contract liquor stores
26 shall be kept open for the sale of liquor, and procedures for the
27 display of liquor when the stores are open, but not allowed to sell
28 liquor;

29 (f) Providing for the issuing and distributing of price lists
30 showing the price to be paid by purchasers for each variety of liquor
31 kept for sale under this chapter;

32 (g) Prescribing an official seal and official labels and stamps and
33 determining the manner in which they shall be attached to every package
34 of liquor sold or sealed under this title, including the prescribing of
35 different official seals or different official labels for different
36 classes of liquor;

1 (h) Providing for the payment by the board in whole or in part of
2 the carrying charges on liquor shipped by freight or express;

3 (i) Prescribing forms to be used for purposes of this chapter or
4 the regulations, and the terms and conditions to be contained in
5 contract liquor store agreements issued under this title, and the
6 qualifications for receiving a contract liquor store agreement issued
7 under this chapter, including a criminal history record information
8 check. The board may submit the criminal history record information
9 check to the Washington state patrol and to the identification division
10 of the federal bureau of investigation in order that these agencies may
11 search their records for prior arrests and convictions of the
12 individual or individuals who filled out the forms. The board shall
13 require fingerprinting of any applicant whose criminal history record
14 information check is submitted to the federal bureau of investigation;

15 (j) Prescribing the fees payable in respect of contract liquor
16 store agreements issued under this chapter for which no fees are
17 prescribed in this chapter, and prescribing the fees for anything done
18 or permitted to be done under the regulations.

19 **Sec. 17.** RCW 66.08.026 and 2008 c 67 s 1 are each amended to read
20 as follows:

21 Administrative expenses of the board shall be appropriated and paid
22 from the liquor revolving fund. These administrative expenses shall
23 include, but not be limited to: The salaries and expenses of the board
24 and its employees, the cost of opening additional state liquor stores
25 and warehouses, legal services, pilot projects, annual or other audits,
26 and other general costs of conducting the business of the board. The
27 administrative expenses shall not include costs of liquor and lottery
28 tickets purchased, the cost of transportation and delivery to the point
29 of distribution, the cost of operating, maintaining, relocating, and
30 leasing state liquor stores and warehouses, other costs pertaining to
31 the acquisition and receipt of liquor and lottery tickets, ((agency))
32 commissions for contract liquor stores, transaction fees associated
33 with credit or debit card purchases for liquor in state liquor stores
34 and in contract liquor stores pursuant to RCW 66.16.040 and 66.16.041,
35 sales tax, and those amounts distributed pursuant to RCW 66.08.180,
36 66.08.190, 66.08.200, 66.08.210 and 66.08.220. ((Agency)) Commissions
37 for contract liquor stores shall be established by the liquor control

1 board after consultation with and approval by the director of the
2 office of financial management. All expenditures and payment of
3 obligations authorized by this section are subject to the allotment
4 requirements of chapter 43.88 RCW.

5 **Sec. 18.** RCW 66.08.150 and 2007 c 370 s 3 are each amended to read
6 as follows:

7 (1) The action, order, or decision of the board as to any denial of
8 an application for the reissuance of a permit or license or as to any
9 revocation, suspension, or modification of any permit ~~((~~or~~))~~, license,
10 or contract liquor store agreement shall be an adjudicative proceeding
11 and subject to the applicable provisions of chapter 34.05 RCW.

12 ~~((+1))~~ (2) An opportunity for a hearing may be provided an
13 applicant for the reissuance of a permit or license prior to the
14 disposition of the application, and if no such opportunity for a prior
15 hearing is provided then an opportunity for a hearing to reconsider the
16 application must be provided the applicant.

17 ~~((+2))~~ (3) An opportunity for a hearing must be provided a
18 permittee ~~((~~or~~))~~, licensee, or contract liquor store manager prior to
19 a revocation or modification of any permit ~~((~~or~~))~~, license, or contract
20 liquor store agreement and, except as provided in subsection ~~((+4))~~
21 (5) of this section, prior to the suspension of any permit ~~((~~or~~))~~,
22 license, or contract liquor store agreement.

23 ~~((+3))~~ (4) No hearing shall be required until demanded by the
24 applicant, permittee, ~~((~~or~~))~~ licensee, or contract liquor store
25 manager.

26 ~~((+4))~~ (5) The board may summarily suspend a license ~~((~~or~~))~~,
27 permit, or contract liquor store agreement for a period of up to one
28 hundred eighty days without a prior hearing if it finds that public
29 health, safety, or welfare imperatively require emergency action, and
30 it incorporates a finding to that effect in its order. Proceedings for
31 revocation or other action must be promptly instituted and determined.
32 An administrative law judge may extend the summary suspension period
33 for up to one calendar year in the event the proceedings for revocation
34 or other action cannot be completed during the initial one hundred
35 eighty day period due to actions by the licensee or permittee. The
36 board's enforcement division shall complete a preliminary staff

1 investigation of the violation before requesting an emergency
2 suspension by the board.

3 **Sec. 19.** RCW 66.08.220 and 2007 c 370 s 15 are each amended to
4 read as follows:

5 The board shall set aside in a separate account in the liquor
6 revolving fund an amount equal to ten percent of its gross sales of
7 liquor, including sales by contract liquor stores, to spirits, beer,
8 and wine restaurant; spirits, beer, and wine private club; hotel; and
9 sports entertainment facility licensees collected from these licensees
10 pursuant to the provisions of RCW 82.08.150, less the fifteen percent
11 discount provided for in RCW 66.24.440; and the moneys in said separate
12 account shall be distributed in accordance with the provisions of RCW
13 66.08.190, 66.08.200 and 66.08.210. No election unit in which the sale
14 of liquor under spirits, beer, and wine restaurant; spirits, beer, and
15 wine private club; and sports entertainment facility licenses is
16 unlawful shall be entitled to share in the distribution of moneys from
17 such separate account.

18 **Sec. 20.** RCW 66.24.440 and 2007 c 370 s 20 are each amended to
19 read as follows:

20 Each spirits, beer, and wine restaurant, spirits, beer, and wine
21 private club, hotel, and sports entertainment facility licensee shall
22 be entitled to purchase any spirituous liquor items salable under such
23 license from the board, including sales by contract liquor stores, at
24 a discount of not less than fifteen percent from the retail price fixed
25 by the board, together with all taxes.

26 **Sec. 21.** RCW 66.20.160 and 2005 c 151 s 8 are each amended to read
27 as follows:

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

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

32 "Contract liquor store employee" means a contract liquor store
33 manager or a person employed in a contract liquor store to sell liquor.

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

1 "Store employee" means a person employed in a state liquor store to
2 sell liquor.

3 NEW SECTION. **Sec. 22.** Sections 1 through 16 of this act
4 constitute a new chapter in Title 66 RCW.

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