

#### HISTORY OF WASHINGTON STATE LIQUOR CONTROL BOARD

When Prohibition was repealed in 1933, Washington State Citizens wanted to make sure that newly-legal alcohol would not create an undesirable atmosphere in their state. Governor Martin appointed a commission to study the problem; it concluded that since prohibition had been a failure, the best plan was to allow widespread, licensed distribution of beer and wine, but to control strictly the sale of hard liquor by allowing it to be sold only in "Government dispensaries." A Prohibition-era study by Columbia University had concluded that "the environment in which liquor is presented is key, and strict control by each state of liquor commerce is the proper policy." In this spirit, Washington passed a Liquor Control Act, modeled to a great extent on British Columbia's system, to control the sale of liquor. The Act set up a three-member Liquor Control Board, appointed by the governor with the advice and consent of the Senate, to protect "the welfare, health, peace, morals, and safety of the people of the state." The Board saw its missions as promoting "true temperance" (as compared to complete abstinence, which was what most "temperance" groups wanted) and minimizing "the evils connected with the liquor traffic." The state was creating a brand-new system of controlling the sale of alcohol. It was now in the liquor business, in order to avoid having businesses which were motivated to "push" alcohol to make a profit.

The first Washington State Liquor Control Board members were Rear Admiral L. E. Gregory, Mr. W. J. Lindberg, an Assistant Attorney General, and Mr. Henry Gregerson, a businessman. They began work in three House Committee rooms and in December moved into the top floor of the Insurance Building which had just been vacated by the Department of Highways. They felt that they were "doing pioneering work from the start" since no other state had had a control system for very long either. The Board had to decide quickly how to staff, organize and audit itself; select and purchase many different types of liquor; set prices; set up and open stores and hire people to run them; inspect wholesalers and retailers; enforce the law; and many other activities. The Board became involved in lawsuits almost immediately as several brewers sued the City of Seattle and an association of drug store owners sued the state (drug stores were required to stop selling spirituous liquor by March 24).

The Board began purchasing liquor in February 1934 and the first four stores opened on March 31; forty-six had been opened by year's end. They decided to have their main warehouse on the Seattle waterfront and to buy Scotch whiskey, gin, and California claret in bulk and bottle them in the warehouse; bottling began on October 22; later, Canadian whiskey and sweet wines were added. They tried to keep prices low enough to put moonshiners out of business.

The Board had many decisions to make and regulations to decide upon in its first year, and it felt that local politicians and law enforcement officials were not always cooperative. It feared that many taverns were rowdy and were serving minors, and it considered the law forbidding Indians to be served alcohol to be unfair. Serving liquor by the drink was illegal, and there was great controversy over whether or not it should remain so. The Board found regulating clubs "irksome."

Most cities had set up emergency laws to deal with alcohol in the eight months or so before the Liquor Control Board got going, and had made money from license fees and beer taxes. The municipalities were reluctant to give these revenues up. They were permitted to keep their licensing powers for sixty days, so the Liquor Control Board had only sixty days to grant or deny liquor licenses to the thousands of people who wanted them, and to hire inspectors to investigate the licensees. Therefore licenses were granted freely and a more restrictive policy came into effect later. The Board set up hearings for those who felt that their licenses had been canceled or suspended unfairly.

Regulations for commercial establishments covered closing hours, employment of staff, music and dancing, and other matters. There was concern in some localities that the 1909 Sabbath Breaking Statute forbidding Sunday liquor sales was not being obeyed, and that "music and dancing in beer taverns has tended to bring about irregularity and difficulties in operation that would not otherwise have occurred." The Board tried to take the attitudes of the relevant localities into consideration, to encourage local handling of the problems, and (initially) to create as few regulations as possible.

The Board's policy was to encourage "conservative and dignified advertising." Newspaper ads were not allowed to depict women or children, or to show anyone actually consuming alcohol. Neither ads nor signs were allowed to use certain words, including "bar," "barroom," and "saloon." The Board encouraged, although it did not require, companies to submit their ads in advance for approval.

In October 1941, Washington joined the National Alcoholic Beverage Control Association, an organization formed to "present a medium for the interchange of ideas between the monopoly states."

World War II brought a great increase in the amount of liquor bought and sold by the Board due to the arrival in Washington of large numbers of military and defense workers, and due to hoarding by the public after the War Production Board would no longer allow distilleries to make whiskey. Board inspectors had to deal with increased public drunkenness, violations of black-out regulations, increased amounts of service to minors, and taverns who served alcohol to unaccompanied women (the latter problem was dealt with by threatening to close down any establishment found to be a source of venereal disease.) The Board had to work with the Army and Navy to control alcohol sales and consumption on military bases. About half the Board's staff went off to war and the Board had to replace them with women in many cases. Japanese, Italian, Bulgarian, Hungarian, German and Rumanian citizens who held liquor licenses were required to surrender them.

The Army took over first the Seattle warehouse, necessitating that the Liquor Board move out, and then the warehouse into which the Board had moved, necessitating a second move five months after the first. The Army also took over the Board's bottling plant and laboratory. After the production of whiskey was banned, whiskey had to be rationed (one quart every two weeks, along with a quart of brandy, a quart of rum, and a gallon of wine). The state, in conjunction with Oregon, also bought all the shares of two distillery companies, Waterfill & Frazier and Shawhan, dissolved the corporations, and sold all their assets except for half a million cases of whiskey, thereby relieving the whiskey shortage to some extent. A black market sprang up anyway. The state also purchased a ten-year supply of brandy which sold out in less than a year. Washington's growing wine industry suffered due to sugar rationing and due to the federal government's order that the fruit be diverted into food production. The war also made it more difficult to find railroad cars for shipping, and to get liquor from Great Britain.

After the war, the federal government (and Britain) supplied so much grain to the hungry people in the devastated countries that there was not much left for distilling spirits and the Board was concerned about a prolonged Scotch and Bourbon shortage, even though it continued to import bulk Scotch from Scotland and bottle it.

In 1947 the board issued bonds for the building of a new warehouse in Seattle, on land bought from the Chicago, Milwaukee, St. Paul and Pacific Railroad. Construction began in 1948. The Board also began to study the problem of alcoholism, which was beginning to be seen as a disease.

The Board worried about hundreds of new "bottle clubs," to which in theory members brought their own alcohol, but which the Board feared were actually selling alcohol. The Supreme Court declared these clubs illegal in 1946. The Board continued to raid the clubs for years.

The return of servicemen after the war created many new bona fide clubs. The end of the war also brought the end of rationing, and many new brands of liquor appeared on the market. The demand for rum, brandy and wine fell sharply as soon as whiskey became more available. The popularity of vodka soared in the 1950's. In 1959 the Board began purchasing "specialty" items including unusual bottles and decanters. Some of these became sought-after to the point of enraging collectors who could not find the ones they wanted.

On November 2, 1948, Initiative 171 was passed, approving the sale of liquor by the drink beginning on March 2, 1949. The initiative's constitutionality was appealed to the State Supreme Court, but was upheld. Establishments wishing to sell liquor by the drink needed Class H licenses, for which nearly a thousand applications were filed in less than six weeks. The Board worked with local authorities in considering these applications, which it wanted to award only to "clean, respectable, and conservative places of

business" and not to "roadhouses" on public highways. The Board recommended that gambling be prohibited in these establishments, that women be segregated in separate facilities, and that entrances be placed so that liquor consumption could not be glimpsed from the street. The Board's Rule 35 required that restaurants garner a certain percentage of their income from food sales in order to qualify for a Class H license, and this remained a bone of contention for decades.

In the early 1950's the Board set up a fourteen-member Committee on the Use and Effects of Alcohol to survey the programs of other states, consult with informed and concerned persons, and explore education, research and rehabilitation. The Board's Supervisor of Education and Information also spoke to groups to inform them about the Board and about the problem of service to minors. The Board began issuing identification cards in 1959 as part of their attempt to combat minors buying alcohol. People promptly began trying to obtain them illegally. (The cards were discontinued in 1971). The Board also continued to raid moonshine stills, the number of which increased whenever the price of legal liquor went up.

The Century 21 World's Fair in Seattle created extra work for the Board, as it considered whether or not to allow alcohol sales on the fairgrounds. Alcohol licenses were granted to a number of establishments on the grounds, for consumption on the premises only and for the duration of the fair only. Licenses were also granted to a number of ships which were docked in Seattle and were used as floating hotels, but licenses were denied to establishments just outside the fairgrounds. More work was created for the Board by the fact that many other establishments tended to add extra entertainment, music and dancing to attract tourists.

In 1966, Initiative 229 asked Washington residents to vote on whether or not to repeal the so-called 1909 Blue Law which had prohibited certain activities, including liquor sales, on Sundays. This generated a great controversy and the Board received a large volume of correspondence on the matter, both pro and con. The measure passed 604,096 to 333,972. The Restaurant Association of Washington then asked the Board to repeal Rule 20, which forbade liquor sales on Sundays by licensed establishments. The board agreed to the extent of allowing the establishments to sell liquor during certain hours of the day on Sundays.

In 1967 the Board began a "Take a Sober Look at Drinking" campaign aimed at reducing teenage drinking. During this year the decision was also made to close down the thirty-three-year-old bottling plant in the Seattle warehouse, which was no longer considered economical.

The 1969 Legislature passed the so-called California Wine Bill which allowed out-of-state wines to be marketed on an equal basis with Washington-produced wines. Before the Act, only the Board could import out-of-state wines, and grocers had to buy them from the Board at retail prices. The new law put all wines on an equal basis and taxed them all at 6 per cent of the retail selling price to cover the state's anticipated loss of revenue. Purchases of wine at state stores fell 34% during fiscal 1970, but soared at grocery stores. It was the first year that wine had outsold hard liquor.

The Legislature also repealed the law forbidding people to drink while standing up and the law against women sitting on bar stools. The Board allowed the sale of beer at sports arenas so that fans of the major-league Seattle Pilots could enjoy a refreshing brew at the game. They began to allow liquor advertising on busses, on Sundays, and on television during the daytime.

In 1968 many members of the public grew concerned about the fact that the Board was granting liquor licenses to private clubs that discriminated on the basis of race, creed, color, or place of national origin. A lawsuit, Gerber et al. vs. the Board, was filed. A number of clubs intervened as defendants and discovery procedures were initiated. The case was dismissed with prejudice by the United States District Court in 1972.

The 1960's also gave rise to concern about how to protect liquor stores during civil disturbances. Liquor Board enforcement officials showed up at the Sky River Rock Festival in 1969 and the Buffalo Party National Convention and Pig Roast in 1970, but did not try to arrest liquor-law violators due to "large crowds of people, their attitudes towards law enforcement, many persons under the influence of narcotics,

and inadequate law enforcement personnel." In 1972, enforcement officials attended the Satsop Riverfair and Tin Cup Races rock festival.

Although the Board in 1934 had felt that gas stations were obviously not appropriate places to sell beer and wine, in 1970 it changed its mind and allowed them to apply for licenses. It also began to permit liquor consumption in public parks, and changed many of its former prohibitions concerning liquor advertising. In the 1972 fiscal year it finally repealed the prohibition of liquor sales on election days, and began issuing platform delivery permits, which allowed retailers to pick up beer and wine at wholesalers' premises.

In 1971 there was a great deal of uproar when it was revealed that liquor companies routinely gave Liquor Control Board members thousands of cases of "sample" liquor, for which they could not account. All three current members of the Board, one past member, and three other men were indicted for grand larceny, fraudulent appropriation, using their positions to secure privileges, bribery, and other alleged offenses. In the years that followed, attempts were made to regulate the Board's samples policy.

In the fiscal year ending in 1974, the Board allowed liquor licenses for Expo '74 in Spokane, began permitting bowling alleys to serve alcohol in the lane area, authorized enforcement officials to carry guns, and moved their Olympia headquarters from the General Administration Building to the Capital Plaza Building. In the following year, the Kingdome opened in Seattle and was granted forty-six alcohol licenses.

Also in the 1970's, the Board's legal and hearing divisions spent a great deal of their time monitoring taverns and restaurants they suspected were violating state laws and Board regulations in regard to topless and/or erotic dancing. The federal government investigated racketeering in Pierce County, originating in the attempted murder of a Board enforcement officer by gunmen hired by a Pierce County topless-tavern operator.

In fiscal 1979, the Muckleshoot, Tulalip and Kalispel Indian tribes challenged the state's authority to regulate liquor sales on Indian reservations. More tribes joined the challenge the following year. The tribes began opening liquor stores to sell liquor which had not been taxed by the state, and the Liquor Board began arresting customers who took the liquor off the reservations. After years of litigation, Indian tribes were allowed to sell liquor to both tribal and non-tribal members under certain conditions.

In the 1970's, 1980's, and 1990's, the Board continued energetic public education programs to combat drunk driving, underage drinking, and service to people who had already had too much. Bed-and-breakfast establishments were now permitted to service alcohol, and liqueur-filled candy was exempted from regulation.

During the 1970's and 1980's, some retailers began to resent the fact that only the state could sell hard liquor, and citizens occasionally rebelled against liquor taxes which were among the nation's highest. Citizens Against Liquor Monopoly sued the state, unsuccessfully, in Superior Court. At least seven initiatives, including Initiatives 261 and 487, were put before the voters to try to get the state out of the liquor business, or at least to force it to share. These were all defeated by the voters or failed to make it on to the ballot at all. Citizens Against Liquor Monopoly sued the state, unsuccessfully, in Superior Court. A majority of the citizens of the state appeared to feel that the tight state control of the liquor business was beneficial and that the Liquor Control Board's balanced approach to alcohol was a success.