

Notice of Permanent Rules to Implement 2011 Legislation for Retail Liquor Licensees

This explanatory statement concerns the **Washington State Liquor Control Board's** adoption of rule changes to implement 2011 legislation for Retail Liquor Licenses.

The Administrative Procedure Act (RCW 34.05.325(6)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. This statement must be provided to anyone who gave comment about the proposed rule making.

Once persons who gave comment during this rule making have had a chance to receive this document, the Liquor Control Board will file the amended rules with the Office of the Code Reviser. These rule changes will become effective 31 days after filing (approximately December 9, 2011).

The Liquor Control Board appreciates your involvement in this rule making process. If you have any questions, please contact Karen McCall, Rules Coordinator, at (360) 664-1631 or e-mail at rules@liq.wa.gov.

What are the agency's reasons for adopting this rule?

Rules needed to be revised to implement the following legislation that passed in the 2011 legislative session:

- SSB 5788
- SSB 5156
- HB 1465

Retail liquor license fees also reverted back to the amount prior to the 2009 legislative session.

Summary of all public comments received on this rule proposal.

No comments were received at the public hearing on October 26, 2011. No written comments were received on this rulemaking.

WAC Changes

AMENDATORY SECTION (Amending WSR 11-01-133, filed 12/21/10, effective 1/21/11)

WAC 314-02-015 What is a spirits, beer, and wine restaurant license? (1) Per RCW 66.24.400, this license allows a restaurant to:

- (a) Serve spirits by the individual glass for on-premises consumption;
- (b) Serve beer by the bottle or can or by tap for onpremises consumption;
 - (c) Serve wine for on-premises consumption;
- (d) Allow patrons to remove recorked wine from the licensed premises;
- (e) Sell wine by the bottle for off-premises consumption with the appropriate endorsement; and
- (f) Sell kegs of malt liquor with the appropriate endorsement. This endorsement also allows the sale of beer to a purchaser in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the retailer at the time of sale.

- (2) To obtain and maintain a spirits, beer, and wine restaurant license, the restaurant must be open to the public at least five hours a day during the hours of 8:00 a.m. and 11:00 p.m., five days a week. The board may consider written requests for exceptions to this requirement due to demonstrated hardship, and may grant an exception under such terms and conditions as the board determines are in the best interests of the public.
- (3) All applicants for a spirits, beer, and wine license must establish, to the satisfaction of the board, that the premises will operate as a bona fide restaurant. The term "bona fide restaurant" is defined in RCW 66.24.410(2).

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-015, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030. 09-02-012, § 314-02-015, filed 12/29/08, effective 1/29/09. Statutory Authority: RCW 66.04.010, 66.08.030, 66.24.410, 66.44.310, and 66.44.420. 05-22-022, § 314-02-015, filed 10/24/05, effective 11/24/05. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-015, filed 3/15/00, effective 4/15/00.]

WAC 314-02-020 What are the fee categories for a spirits, beer, and wine restaurant license? (1) Per RCW 66.24.420, the annual fee for a spirits, beer, and wine restaurant license is graduated, as follows:

Amount of customer service area dedicated to dining	Annual fee
100%	\$((1,105)) <u>1,000</u>
50 - 99%	\$((1,768)) <u>1,600</u>
Less than 50%	\$((2,210)) <u>2,000</u>

- (2) In order for an area to qualify as a dedicated dining area it must be a separate and distinct portion of a restaurant that is used primarily for the sale, service, and consumption of food, and have accommodations for eating, e.g., tables, chairs, booths, etc. Areas dedicated to live music or entertainment, such as dance floors or stages are not considered dedicated dining areas. Dedicated dining areas may not contain:
- (a) Liquor bars (see definition under WAC 314-02-010(2)); or
 - (b) Areas dedicated to games or gaming devices.
- (3) The fee for a spirits, beer, and wine restaurant license outside of an incorporated city or town will be prorated

according to the calendar quarters the licensee is open for business. This proration does not apply in the case of a suspension or revocation of the license.

(4) A duplicate license is required in order to sell liquor from more than one site on your property. These sites must be located on the same property and owned by the same licensee. The following types of businesses may apply for a duplicate license:

Type of Business	Annual fee per
	duplicate license
Airport terminal	25% of annual license
_	fee
Civic center (such as a	\$((11)) <u>10</u>
convention center)	
Privately owned	\$20
facility open to the	
public	

[Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-020, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.04.010, 66.08.030, 66.24.410, 66.44.310, and 66.44.420. 05-22-022, § 314-02-020, filed 10/24/05, effective 11/24/05. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-020, filed 3/15/00, effective 4/15/00.1

WAC 314-02-041 What is a hotel license? (1) Per RCW 66.24.590, this license allows a hotel to:

- (a) Serve spirits by the individual serving for consumption on the licensed premises;
- (b) Serve beer, including strong beer, and wine for consumption on the licensed premises;
- (c) Sell at retail, from locked honor bars, in individual units, spirits not to exceed fifty milliliters, beer in individual units not to exceed twelve ounces, and wine in individual bottles not to exceed three hundred eighty-five milliliters, to registered guests of the hotel for consumption in guest rooms;
- (d) Provide, without additional charge, to overnight guests, spirits, beer, and wine by the individual serving for consumption on the licensed premises at a specified regular date, time, and place. Self-service by guests is prohibited;
- (e) Sell beer, including strong beer, wine, or spirits, in the manufacturer's sealed container or by the individual drink to guests through room service, or through service to occupants of private residential units which are part of the buildings or complex of buildings, that include the hotel;

- (f) Sell beer, including strong beer, and wine, in the manufacturer's sealed container at retail sales locations within the hotel premises; ((and))
- (g) Place in guest rooms at check-in, complimentary beer, including strong beer, or wine in a manufacturer's sealed container; and
- (h) Sell beer to a purchaser in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap in the restaurant area by the licensee at the time of sale.
- (2) The annual fee for a hotel license is two thousand dollars.

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-041, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030 and 66.24.590. 08-17-067, § 314-02-041, filed 8/19/08, effective 9/19/08.]

WAC 314-02-0411 What are the food service requirements for a hotel license? (1) A hotel licensee must have the ability to serve at least eight complete meals to hotel guests or any other patron of the hotel who is offered alcohol service for onpremise consumption at a food outlet on the hotel premises. Food outlets include room service, banquets, bars/lounges, restaurants, or coffee shops. "Complete meal" is defined in WAC 314-02-035.

- (2) Complete meals must be prepared on the hotel premises.
- (3) A menu must be available to hotel guests and patrons offered alcohol service that lists, at a minimum, the required complete meals.
- (4) The food items required to maintain the menu must be located on the licensed premises. These items must be edible.
- (5)(a) Licensees must maintain complete meal service for a minimum of five hours a day between the hours of 11:00 a.m. and 2:00 a.m. on any day that liquor is served. The board may consider written requests for exceptions to this requirement due to a demonstrated hardship and may allow exceptions under terms and conditions the board determines are in the best interests of the public.

- (b) Minimum food service must be available during hours of alcohol service when complete meal service is not offered. Minimum food service includes items such as hamburgers or fry orders. Snacks such as peanuts, popcorn, and chips do not qualify as minimum food service.
- (6) Hours of complete meal service must be listed on the menu. If applicable, a statement must be posted or listed on the menu that minimum food service is available when alcohol is served and complete meal service is unavailable.

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-0411, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030 and 66.24.590. 08-17-067, § 314-02-0411, filed 8/19/08, effective 9/19/08.]

AMENDATORY SECTION (Amending WSR 11-01-133, filed 12/21/10, effective 1/21/11)

WAC 314-02-042 Spirits, beer and wine restaurant restricted--Qualifications. (1) Spirits, beer and wine restaurant restricted licensees shall govern their operations in selling liquor in accordance with the regulations set forth in Title 66 RCW. Such licensees may sell liquor in accordance with these regulations, only to members, invited guests, and holders of cards as authorized by chapter 314-40 WAC.

- (2)(a) Applications for new spirits, beer and wine restaurant restricted licenses shall be accompanied by proof that:
- (i) The business has been in operation for at least one year immediately prior to the date of its application. Such proof should include records of membership as well as an indication as to numbers and types of membership.
- (ii) Membership or admission will not be denied to any person because of race, creed, color, national origin, sex or the presence of any sensory, mental or physical handicap.
- (b) Spirits, beer and wine restaurant restricted applicants and licensees must meet the provisions of WAC 314-02-035.
- (3) Under RCW 66.24.450, the board may issue an endorsement allowing the club to hold ((up to forty)) nonclub, member-sponsored events using club liquor.
 - (a) Each event must have a sponsoring member from the club.
- (b) Each visitor and/or guest may only attend the event by invitation of the sponsoring member(s).
 - (c) Event may not be open to the general public.
- (d) At least seventy-two hours prior to any nonclub event, the sponsoring member, or any club officer, must provide to the board: The date, time, and location of the event, the name of the sponsor of the event, and a brief description of the purpose of the event.
- (e) A list of all invited guests and visitors must be available for inspection during the nonclub event.

- (4) Under RCW 66.24.450, the board may issue an endorsement allowing the holder of a spirits, beer, and wine private club license to sell bottled wine for off-premises consumption.
- (a) Spirits and beer may not be sold for off-premises consumption.
- (b) Bottled wine may only be sold to members, visitors, and guests defined under WAC 314-40-005. Bottled wine may not be sold to the general public.
 - (5) See chapter 314-40 WAC for additional rules on clubs.

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-042, filed 12/21/10, effective 1/21/11.]

NEW SECTION

- WAC 314-02-043 What is a VIP airport lounge license? (1)

 Per RCW 66.24.XXX, a VIP airport lounge liquor license allows a

 VIP airport lounge licensee to sell or provide spirits, wine,

 and beer for on-premises consumption as a retail licensed

 premises.
- (a) A VIP airport lounge is a retail establishment in an international airport, beyond security checkpoints.

- (b) The VIP airport lounge liquor licensee must be the entity in control of the day-to-day operations of the VIP airport lounge.
- (c) Spirits, beer, and wine to be sold or provided complimentary by the individual serving for on-premises consumption to persons at least twenty-one years of age or older.
- (d) Customers may not remove spirits, beer, and wine from the premises at any time.
- (e) The VIP airport lounge licensee may only serve liquor from a service bar. A service bar is a work station primarily used to prepare and sell alcoholic beverages that are picked up by the customer. Customers are not permitted to mix their own drinks, sit or consume food or alcohol at the service bar.
 - (f) All alcohol servers must have a valid MAST permit.
- (2) The annual fee for this license is two thousand dollars.

NEW SECTION

WAC 314-02-044 Application process and guidelines for a VIP airport lounge liquor license. (1) RCW 66.24.010 states the board will only issue licenses and permits to applicants and locations that meet certain qualifications. Please see chapter 314-07 WAC for liquor license qualifications and application process.

- (2) An applicant for a VIP airport lounge license must include a sketch of the VIP airport lounge area including the service bar area and where the alcohol inventory will be stored.
- (3) All alcohol inventory must be stored on the VIP airport lounge licensed premises.
- (4) All spirits must be purchased from the board at the assigned liquor store. Beer and wine must be purchased from a licensed distributor or retail outlet. A VIP lounge licensee may purchase wine directly from a licensed manufacturer if the licensee holds an endorsement to receive direct shipments from a manufacturer.
 - (5) Access to a VIP airport lounge is generally limited to:
- (a) Ticketed airline passengers of any age who have first class, executive, or business class tickets;
- (b) Qualified members or guests of loyalty incentive programs, members or guests of enhanced amenities programs;
- (c) Passengers or airline employees issued a pass by the airline for access; and
- (d) Airport, airline employees, government officials, and attendees of airport authority or airlines for business promotion with controlled access by the VIP airport lounge licensee.
- (6) Between the hours of 2 a.m. and 6 a.m., licensees or employees may not:
 - (a) Provide, offer, or sell liquor;

- (b) Deliver liquor (except that beer and/or wine distributors may deliver beer and/or wine to retail licensees between the hours of 2 a.m. and 6 a.m.);
 - (c) Allow liquor to be consumed on the premises; or
- (d) Possess liquor, except that persons working on the premises may possess liquor between the hours of 2 a.m. and 6 a.m. while in the performance of their official duties.
- (7) A local government subdivision may fix later opening hours or earlier closing hours than those specified in this rule, so long as the hours apply to all licensed premises in the local government subdivision's jurisdiction. See WAC 314-12-215(3) for exceptions when a premises is in a board recognized alcohol impact area.

license: and or set aurant to: 66.24.320 and 66.24.354, this license

Privilege	Annual fee
(a) Serve beer by the bottle or	\$((221)) <u>200</u>
can or by tap for on-premises	
consumption.	
(b) Serve wine for on-premises	\$((221)) <u>200</u>
consumption (see RCW	
66.24.320 regarding patrons	
removing recorked wine from	
the premises).	
(c) Sell beer and/or wine in the	\$((133)) <u>120</u>
original, unopened containers for	
off-premises consumption.	

(d) Sell tap beer for off-premises consumption in a sanitary container holding less than four gallons of beer, and brought to the premises by the purchaser.	In conjunction with off-premises privilege outlined in subsection (c).
(e) Sell beer in kegs or other containers holding at least four gallons of beer (see WAC 314-02-115 regarding the requirements for registering kegs).	In conjunction with off-premises privilege outlined in subsection (c).

- (2) All applicants for a beer and/or wine restaurant license must establish, to the satisfaction of the board, that the premises will operate as a bona fide restaurant, as defined in RCW 66.04.010(30).
- (a) Minimum food service is required, as defined in WAC 314-02-010(14).
- (b) To obtain and maintain a beer and/or wine restaurant license, the restaurant must be open to the public at least five hours a day, five days a week. The board may consider written requests to this requirement due to demonstrated hardship, and may grant an exception under such terms and conditions as the board determines are in the best interests of the public.
- (3) If a beer and/or wine restaurant's dedicated dining area comprises less than fifteen percent of the total customer service area, the premises must maintain a tavern license (see WAC 314-02-070 regarding the tavern license).

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-045, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-045, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.04.010, 66.08.030, 66.24.410, 66.44.310, and 66.44.420. 05-22-022, § 314-02-045, filed 10/24/05, effective 11/24/05. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-045, filed 3/15/00, effective 4/15/00.]

AMENDATORY SECTION (Amending WSR 10-01-091, filed 12/16/09, effective 1/16/10)

WAC 314-02-060 What is a caterer's endorsement? (1) A spirits, beer, and wine restaurant and a beer and/or wine restaurant applicant or licensee may apply for a caterer's endorsement, in order to extend the on-premises license privilege to allow the sale and service of liquor at approved locations other than the licensed premises. See RCW 66.24.420(6) and RCW 66.24.320(2) for more information about this endorsement.

(2) The annual fee for this endorsement is three hundred ((eighty-seven)) fifty dollars.

[Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-060, filed 12/16/09, effective 1/16/10. Statutory Concise Explanatory Statement 9/11/11 Requirements for Retail Liquor Licensees

Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-060, filed 3/15/00, effective 4/15/00.]

AMENDATORY SECTION (Amending WSR 10-01-091, filed 12/16/09, effective 1/16/10)

WAC 314-02-065 What is a snack bar license? (1) Per RCW 66.24.350, a snack bar license allows a licensee to serve beer by the opened bottle or can for on-premises consumption only.

- (2) Snack bar licensees must have snack food, as defined in WAC 314-02-010(15), available whenever beer is sold or served.
- (3) Snack bars must have designated seating for on-premises consumption of beer.
- (4) The annual fee for this license is one hundred
 ((thirty-eight)) twenty-five dollars.

[Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-065, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-065, filed 3/15/00, effective 4/15/00.]

WAC 314-02-070 What is a tavern license? (1) Per RCW 66.24.330 and 66.24.354, this license allows a tavern to:

Privilege	Annual fee
(a) Serve beer by the bottle or	\$((221)) <u>200</u>
can or by tap for on-premises	
consumption.	
(b) Serve wine for on-premises	\$((221)) <u>200</u>
consumption.	
(c) Sell beer and/or wine in the	\$((133)) <u>120</u>
original, unopened containers for	
off-premises consumption.	
(d) Sell tap beer for off-premises	In
consumption in a sanitary	conjunction
container holding less than four	with off-
gallons of beer, and brought to	premises
the premises by the purchaser.	privilege
	outlined in
	subsection
	(c).
(e) Sell beer in kegs or other	In
containers holding at least four	conjunction
gallons of beer (see WAC 314-	with off-
02-110 regarding the	premises
requirements for registering	privilege
kegs).	outlined in
	subsection
	(c).

(2) A tavern licensee may not allow persons under twenty-one years of age on the premises at any time (see RCW 66.44.316 for information regarding employees and professional musicians under twenty-one years of age).

[Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-070, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-070, filed 3/15/00, effective 4/15/00.]

AMENDATORY SECTION (Amending WSR 11-01-133, filed 12/21/10, effective 1/21/11)

WAC 314-02-100 What is a grocery store license? (1) Per RCW 66.24.360, a grocery store license allows a licensee to sell beer and/or wine for off-premises consumption.

- (2) The annual fee for this license is one hundred ((sixty-six)) fifty dollars.
- (3) In order to obtain and maintain a grocery store license, the premises must be stocked with an inventory of at least three thousand dollars wholesale value of food for human consumption, not including soft drinks, beer, or wine. This minimum inventory must be:
- (a) Stocked within the confines of the licensed premises; and
- (b) Maintained at the premises at all times the business is licensed, with the exception of:
- (i) The beginning and closing inventory for seasonal operations; or

Concise Explanatory Statement Requirements for Retail Liquor Licensees 11/9/11

- (ii) When the inventory is being sold out immediately prior to discontinuing or selling the business.
- (4) A grocery store licensee may sell beer in kegs or other containers holding at least four gallons and less than five and one-half gallons of beer. See WAC 314-02-115 regarding keg registration requirements.
- (5) A grocery store licensee may sell beer and wine over the internet. See WAC 314-03-020 regarding internet sales and delivery.
- (6) A grocery store applicant or licensee may apply for an international exporter endorsement for five hundred dollars a year, which allows the sale of beer and wine for export to locations outside the United States.
- (7) A grocery store applicant or licensee may apply for a beer and wine tasting endorsement which allows beer and wine tastings on the grocery store premises. The annual fee for this endorsement is two hundred dollars.

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-100, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-100, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-100, filed 3/15/00, effective 4/15/00.]

WAC 314-02-105 What is a beer and/or wine specialty store license? (1) Per RCW 66.24.371, a beer and/or wine specialty store license allows a licensee to sell beer and/or wine for off-premises consumption.

- (2) The annual fee for this license is one hundred ((eleven)) dollars.
- (3) Qualifications for license--To obtain and maintain a beer and/or wine specialty store license, the premises must be stocked with an inventory of beer and/or wine in excess of three thousand dollars wholesale value. This inventory must be:
- (a) Stocked within the confines of the licensed premises; and
- (b) Maintained on the premises at all times the premises is licensed, with the exception of beginning and closing inventory for seasonal operations or when the inventory is being sold out immediately prior to discontinuing or selling the business.
- (4) Qualifications to sample——A beer and/or wine specialty store licensee may allow customers to sample beer and wine for the purpose of sales promotion, if the primary business is the sale of beer and/or wine at retail, and the licensee meets the requirements outlined in either (a) or (b) of this subsection:

 Concise Explanatory Statement

 11/9/11

- (a) A licensee's gross retail sales of beer and/or wine exceeds fifty percent of all gross sales for the entire business; or
- (b) The licensed premises is a beer and/or wine specialty store that conducts bona fide cooking classes for the purpose of pairing beer and/or wine with food, under the following conditions:
- (i) The licensee must establish to the satisfaction of the board that the classes are bona fide cooking courses. The licensee must charge participants a fee for the course(s).
- (ii) The sampling must be limited to a clearly defined area of the premises.
- (iii) The licensee must receive prior approval from the board's licensing and regulation division before conducting sampling with cooking classes.
- (iv) Once approved for sampling, the licensee must provide the board's enforcement and education division a list of all scheduled cooking classes during which beer and/or wine samples will be served. The licensee must notify the board's enforcement and education division at least forty-eight hours in advance if classes are added.
- (5) Licensees who qualify for sampling under subsection (4) of this rule may sample under the following conditions:
- (a) No more than a total of eight ounces of alcohol may be provided to a customer during any one visit to the premises;
 - (b) Each sample must be two ounces or less; and

- (c) No more than one sample of any single brand and type of beer or wine may be provided to a customer during any one visit to the premises.
- (6) A beer and/or wine specialty store licensee may sell beer in kegs or other containers holding at least four gallons of beer. See WAC 314-02-115 regarding keg registration requirements.
- (7) A beer and/or wine specialty store licensee may receive an endorsement to permit the sale of beer to a purchaser in a sanitary container brought to the premises by the purchaser, or provided by the licensee or manufacturer, and filled at the tap by the licensee at the time of sale under the following conditions:
- (a) The beer and/or wine specialty store sales must exceed fifty percent of their total sales; or
- (b) The board may waive the fifty percent beer and/or wine sale criteria if the beer and/or wine specialty store maintains a wholesale alcohol inventory that exceeds fifteen thousand dollars.

[Statutory Authority: RCW 66.08.030 and 66.24.363. 11-01-133, § 314-02-105, filed 12/21/10, effective 1/21/11. Statutory Authority: RCW 66.08.030 and 66.24.600. 10-01-091, § 314-02-105, filed 12/16/09, effective 1/16/10. Statutory Authority: RCW 66.08.030, 66.24.371. 04-19-156, § 314-02-105, filed 9/22/04, effective 10/23/04; 04-07-020, § 314-02-105, filed

3/8/04, effective 4/8/04. Statutory Authority: RCW 66.08.030, 66.24.010, 66.24.120. 00-07-091, § 314-02-105, filed 3/15/00, effective 4/15/00.]