
HOUSE BILL 2897

State of Washington 59th Legislature 2006 Regular Session

By Representatives Condotta and Dunn

Read first time 01/16/2006. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to liquor licensees holding a caterer's
2 endorsement; and amending RCW 66.04.010, 66.24.320, 66.24.420, and
3 66.24.210.

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

5 **Sec. 1.** RCW 66.04.010 and 2005 c 151 s 1 are each amended to read
6 as follows:

7 In this title, unless the context otherwise requires:

8 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
9 oxide of ethyl, or spirit of wine, which is commonly produced by the
10 fermentation or distillation of grain, starch, molasses, or sugar, or
11 other substances including all dilutions and mixtures of this
12 substance. The term "alcohol" does not include alcohol in the
13 possession of a manufacturer or distiller of alcohol fuel, as described
14 in RCW 66.12.130, which is intended to be denatured and used as a fuel
15 for use in motor vehicles, farm implements, and machines or implements
16 of husbandry.

17 (2) "Authorized representative" means a person who:

18 (a) Is required to have a federal basic permit issued pursuant to
19 the federal alcohol administration act, 27 U.S.C. Sec. 204;

1 (b) Has its business located in the United States outside of the
2 state of Washington;

3 (c) Acquires ownership of beer or wine for transportation into and
4 resale in the state of Washington; and which beer or wine is produced
5 anywhere outside Washington by a brewery or winery which does not hold
6 a certificate of approval issued by the board; and

7 (d) Is appointed by the brewery or winery referenced in (c) of this
8 subsection as its exclusive authorized representative for marketing and
9 selling its products within the United States in accordance with a
10 written agreement between the authorized representative and such
11 brewery or winery pursuant to this title. The board may waive the
12 requirement for the written agreement of exclusivity in situations
13 consistent with the normal marketing practices of certain products,
14 such as classified growths.

15 (3) "Beer" means any malt beverage or malt liquor as these terms
16 are defined in this chapter.

17 (4) "Beer distributor" means a person who buys beer from a domestic
18 brewery, microbrewery, beer certificate of approval holder, or beer
19 importers, or who acquires foreign produced beer from a source outside
20 of the United States, for the purpose of selling the same pursuant to
21 this title, or who represents such brewer or brewery as agent.

22 (5) "Beer importer" means a person or business within Washington
23 who purchases beer from a beer certificate of approval holder or who
24 acquires foreign produced beer from a source outside of the United
25 States for the purpose of selling the same pursuant to this title.

26 (6) "Brewer" or "brewery" means any person engaged in the business
27 of manufacturing beer and malt liquor. Brewer includes a brand owner
28 of malt beverages who holds a brewer's notice with the federal bureau
29 of alcohol, tobacco, and firearms at a location outside the state and
30 whose malt beverage is contract-produced by a licensed in-state
31 brewery, and who may exercise within the state, under a domestic
32 brewery license, only the privileges of storing, selling to licensed
33 beer distributors, and exporting beer from the state.

34 (7) "Board" means the liquor control board, constituted under this
35 title.

36 (8) "Club" means an organization of persons, incorporated or
37 unincorporated, operated solely for fraternal, benevolent, educational,
38 athletic or social purposes, and not for pecuniary gain.

1 (9) "Consume" includes the putting of liquor to any use, whether by
2 drinking or otherwise.

3 (10) "Contract liquor store" means a business that sells liquor on
4 behalf of the board through a contract with a contract liquor store
5 manager.

6 (11) "Dentist" means a practitioner of dentistry duly and regularly
7 licensed and engaged in the practice of his profession within the state
8 pursuant to chapter 18.32 RCW.

9 (12) "Distiller" means a person engaged in the business of
10 distilling spirits.

11 (13) "Domestic brewery" means a place where beer and malt liquor
12 are manufactured or produced by a brewer within the state.

13 (14) "Domestic winery" means a place where wines are manufactured
14 or produced within the state of Washington.

15 (15) "Druggist" means any person who holds a valid certificate and
16 is a registered pharmacist and is duly and regularly engaged in
17 carrying on the business of pharmaceutical chemistry pursuant to
18 chapter 18.64 RCW.

19 (16) "Drug store" means a place whose principal business is, the
20 sale of drugs, medicines and pharmaceutical preparations and maintains
21 a regular prescription department and employs a registered pharmacist
22 during all hours the drug store is open.

23 (17) "Employee" means any person employed by the board.

24 (18) "Fund" means 'liquor revolving fund.'

25 (19) "Hotel" means every building or other structure kept, used,
26 maintained, advertised or held out to the public to be a place where
27 food is served and sleeping accommodations are offered for pay to
28 transient guests, in which twenty or more rooms are used for the
29 sleeping accommodation of such transient guests and having one or more
30 dining rooms where meals are served to such transient guests, such
31 sleeping accommodations and dining rooms being conducted in the same
32 building and buildings, in connection therewith, and such structure or
33 structures being provided, in the judgment of the board, with adequate
34 and sanitary kitchen and dining room equipment and capacity, for
35 preparing, cooking and serving suitable food for its guests: PROVIDED
36 FURTHER, That in cities and towns of less than five thousand
37 population, the board shall have authority to waive the provisions
38 requiring twenty or more rooms.

1 (20) "Importer" means a person who buys distilled spirits from a
2 distillery outside the state of Washington and imports such spirituous
3 liquor into the state for sale to the board or for export.

4 (21) "Imprisonment" means confinement in the county jail.

5 (22) "Liquor" includes the four varieties of liquor herein defined
6 (alcohol, spirits, wine and beer), and all fermented, spirituous,
7 vinous, or malt liquor, or combinations thereof, and mixed liquor, a
8 part of which is fermented, spirituous, vinous or malt liquor, or
9 otherwise intoxicating; and every liquid or solid or semisolid or other
10 substance, patented or not, containing alcohol, spirits, wine or beer,
11 and all drinks or drinkable liquids and all preparations or mixtures
12 capable of human consumption, and any liquid, semisolid, solid, or
13 other substance, which contains more than one percent of alcohol by
14 weight shall be conclusively deemed to be intoxicating. Liquor does
15 not include confections or food products that contain one percent or
16 less of alcohol by weight.

17 (23) "Manufacturer" means a person engaged in the preparation of
18 liquor for sale, in any form whatsoever.

19 (24) "Malt beverage" or "malt liquor" means any beverage such as
20 beer, ale, lager beer, stout, and porter obtained by the alcoholic
21 fermentation of an infusion or decoction of pure hops, or pure extract
22 of hops and pure barley malt or other wholesome grain or cereal in pure
23 water containing not more than eight percent of alcohol by weight, and
24 not less than one-half of one percent of alcohol by volume. For the
25 purposes of this title, any such beverage containing more than eight
26 percent of alcohol by weight shall be referred to as "strong beer."

27 (25) "Package" means any container or receptacle used for holding
28 liquor.

29 (26) "Passenger vessel" means any boat, ship, vessel, barge, or
30 other floating craft of any kind carrying passengers for compensation.

31 (27) "Permit" means a permit for the purchase of liquor under this
32 title.

33 ((+27)) (28) "Person" means an individual, copartnership,
34 association, or corporation.

35 ((+28)) (29) "Physician" means a medical practitioner duly and
36 regularly licensed and engaged in the practice of his profession within
37 the state pursuant to chapter 18.71 RCW.

1 (~~(+29+)~~) (30) "Prescription" means a memorandum signed by a
2 physician and given by him to a patient for the obtaining of liquor
3 pursuant to this title for medicinal purposes.

4 (~~(+30+)~~) (31) "Public place" includes streets and alleys of
5 incorporated cities and towns; state or county or township highways or
6 roads; buildings and grounds used for school purposes; public dance
7 halls and grounds adjacent thereto; those parts of establishments where
8 beer may be sold under this title, soft drink establishments, public
9 buildings, public meeting halls, lobbies, halls and dining rooms of
10 hotels, restaurants, theatres, stores, garages and filling stations
11 which are open to and are generally used by the public and to which the
12 public is permitted to have unrestricted access; railroad trains,
13 stages, and other public conveyances of all kinds and character, and
14 the depots and waiting rooms used in conjunction therewith which are
15 open to unrestricted use and access by the public; publicly owned
16 bathing beaches, parks, and/or playgrounds; and all other places of
17 like or similar nature to which the general public has unrestricted
18 right of access, and which are generally used by the public.

19 (~~(+31+)~~) (32) "Regulations" means regulations made by the board
20 under the powers conferred by this title.

21 (~~(+32+)~~) (33) "Restaurant" means any establishment provided with
22 special space and accommodations where, in consideration of payment,
23 food, without lodgings, is habitually furnished to the public, not
24 including drug stores and soda fountains.

25 (~~(+33+)~~) (34) "Sale" and "sell" include exchange, barter, and
26 traffic; and also include the selling or supplying or distributing, by
27 any means whatsoever, of liquor, or of any liquid known or described as
28 beer or by any name whatever commonly used to describe malt or brewed
29 liquor or of wine, by any person to any person; and also include a sale
30 or selling within the state to a foreign consignee or his agent in the
31 state. "Sale" and "sell" shall not include the giving, at no charge,
32 of a reasonable amount of liquor by a person not licensed by the board
33 to a person not licensed by the board, for personal use only. "Sale"
34 and "sell" also does not include a raffle authorized under RCW
35 9.46.0315: PROVIDED, That the nonprofit organization conducting the
36 raffle has obtained the appropriate permit from the board.

37 (~~(+34+)~~) (35) "Soda fountain" means a place especially equipped

1 with apparatus for the purpose of dispensing soft drinks, whether mixed
2 or otherwise.

3 ~~((+35+))~~ (36) "Spirits" means any beverage which contains alcohol
4 obtained by distillation, including wines exceeding twenty-four percent
5 of alcohol by volume.

6 ~~((+36+))~~ (37) "Store" means a state liquor store established under
7 this title.

8 ~~((+37+))~~ (38) "Tavern" means any establishment with special space
9 and accommodation for sale by the glass and for consumption on the
10 premises, of beer, as herein defined.

11 ~~((+38+))~~ (39) "Winery" means a business conducted by any person for
12 the manufacture of wine for sale, other than a domestic winery.

13 ~~((+39+))~~ (40)(a) "Wine" means any alcoholic beverage obtained by
14 fermentation of fruits (grapes, berries, apples, et cetera) or other
15 agricultural product containing sugar, to which any saccharine
16 substances may have been added before, during or after fermentation,
17 and containing not more than twenty-four percent of alcohol by volume,
18 including sweet wines fortified with wine spirits, such as port,
19 sherry, muscatel and angelica, not exceeding twenty-four percent of
20 alcohol by volume and not less than one-half of one percent of alcohol
21 by volume. For purposes of this title, any beverage containing no more
22 than fourteen percent of alcohol by volume when bottled or packaged by
23 the manufacturer shall be referred to as "table wine," and any beverage
24 containing alcohol in an amount more than fourteen percent by volume
25 when bottled or packaged by the manufacturer shall be referred to as
26 "fortified wine." However, "fortified wine" shall not include:
27 ~~((+a+))~~ (i) Wines that are both sealed or capped by cork closure and
28 aged two years or more; and ~~((+b+))~~ (ii) wines that contain more than
29 fourteen percent alcohol by volume solely as a result of the natural
30 fermentation process and that have not been produced with the addition
31 of wine spirits, brandy, or alcohol.

32 (b) This subsection shall not be interpreted to require that any
33 wine be labeled with the designation "table wine" or "fortified wine."

34 ~~((+40+))~~ (41) "Wine distributor" means a person who buys wine from
35 a domestic winery, wine certificate of approval holder, or wine
36 importer, or who acquires foreign produced wine from a source outside
37 of the United States, for the purpose of selling the same not in

1 violation of this title, or who represents such vintner or winery as
2 agent.

3 ~~((41))~~ (42) "Wine importer" means a person or business within
4 Washington who purchases wine from a wine certificate of approval
5 holder or who acquires foreign produced wine from a source outside of
6 the United States for the purpose of selling the same pursuant to this
7 title.

8 **Sec. 2.** RCW 66.24.320 and 2005 c 152 s 1 are each amended to read
9 as follows:

10 There shall be a beer and/or wine restaurant license to sell beer,
11 including strong beer, or wine, or both, at retail, for consumption on
12 the premises. A patron of the licensee may remove from the premises,
13 recorked or recapped in its original container, any portion of wine
14 that was purchased for consumption with a meal.

15 (1) The annual fee shall be two hundred dollars for the beer
16 license, two hundred dollars for the wine license, or four hundred
17 dollars for a combination beer and wine license.

18 (2)(a) The board may issue a caterer's endorsement to this license
19 to allow the licensee to remove from the liquor stocks at the licensed
20 premises, only those types of liquor that are authorized under the on-
21 premises license privileges for sale and service at event locations at
22 a specified date and, except as provided in subsection (3) of this
23 section, place not currently licensed by the board. If the event is
24 open to the public, it must be sponsored by a society or organization
25 as defined by RCW 66.24.375. If attendance at the event is limited to
26 members or invited guests of the sponsoring individual, society, or
27 organization, the requirement that the sponsor must be a society or
28 organization as defined by RCW 66.24.375 is waived. Cost of the
29 endorsement is three hundred fifty dollars.

30 (b) The holder of this license with catering endorsement shall, if
31 requested by the board, notify the board or its designee of the date,
32 time, place, and location of any catered event. Upon request, the
33 licensee shall provide to the board all necessary or requested
34 information concerning the society or organization that will be holding
35 the function at which the endorsed license will be utilized.

36 (3) Licensees under this section that hold a caterer's endorsement

1 are allowed to use this endorsement on a domestic winery premises or on
2 the premises of a passenger vessel under the following conditions:

3 (a) Agreements between the domestic winery or the passenger vessel,
4 as the case may be, and the retail licensee shall be in writing,
5 contain no exclusivity clauses regarding the alcohol beverages to be
6 served, and be filed with the board; and

7 (b) The domestic winery or passenger vessel, as the case may be,
8 and the retail licensee shall be separately contracted and compensated
9 by the persons sponsoring the event for their respective services.

10 (4) The holder of this license or its manager may furnish beer or
11 wine to the licensee's employees free of charge as may be required for
12 use in connection with instruction on beer and wine. The instruction
13 may include the history, nature, values, and characteristics of beer or
14 wine, the use of wine lists, and the methods of presenting, serving,
15 storing, and handling beer or wine. The beer and/or wine licensee must
16 use the beer or wine it obtains under its license for the sampling as
17 part of the instruction. The instruction must be given on the premises
18 of the beer and/or wine licensee.

19 **Sec. 3.** RCW 66.24.420 and 2004 c 62 s 3 are each amended to read
20 as follows:

21 (1) The spirits, beer, and wine restaurant license shall be issued
22 in accordance with the following schedule of annual fees:

23 (a) The annual fee for a spirits, beer, and wine restaurant license
24 shall be graduated according to the dedicated dining area and type of
25 service provided as follows:

26	Less than 50% dedicated dining area	\$2,000
27	50% or more dedicated dining area	\$1,600
28	Service bar only	\$1,000

29 (b) The annual fee for the license when issued to any other
30 spirits, beer, and wine restaurant licensee outside of incorporated
31 cities and towns shall be prorated according to the calendar quarters,
32 or portion thereof, during which the licensee is open for business,
33 except in case of suspension or revocation of the license.

34 (c) Where the license shall be issued to any corporation,
35 association or person operating a bona fide restaurant in an airport
36 terminal facility providing service to transient passengers with more

1 than one place where liquor is to be dispensed and sold, such license
2 shall be issued upon the payment of the annual fee, which shall be a
3 master license and shall permit such sale within and from one such
4 place. Such license may be extended to additional places on the
5 premises at the discretion of the board and a duplicate license may be
6 issued for each such additional place(~~(; PROVIDED, That)~~). The holder
7 of a master license for a restaurant in an airport terminal facility
8 (~~(shall be required to)~~) must maintain in a substantial manner at least
9 one place on the premises for preparing, cooking, and serving of
10 complete meals, and such food service shall be available on request in
11 other licensed places on the premises(~~(; PROVIDED, FURTHER, That)~~).
12 An additional license fee of twenty-five percent of the annual master
13 license fee shall be required for such duplicate licenses.

14 (d) Where the license shall be issued to any corporation,
15 association, or person operating dining places at a publicly or
16 privately owned civic or convention center with facilities for sports,
17 entertainment, or conventions, or a combination thereof, with more than
18 one place where liquor is to be dispensed and sold, such license shall
19 be issued upon the payment of the annual fee, which shall be a master
20 license and shall permit such sale within and from one such place.
21 Such license may be extended to additional places on the premises at
22 the discretion of the board and a duplicate license may be issued for
23 each such additional place(~~(; PROVIDED, That)~~). The holder of a
24 master license for a dining place at such a publicly or privately owned
25 civic or convention center (~~(shall be required to)~~) must maintain in a
26 substantial manner at least one place on the premises for preparing,
27 cooking, and serving of complete meals, and food service shall be
28 available on request in other licensed places on the premises(~~(; PROVIDED FURTHER, That)~~).
29 An additional license fee of ten dollars
30 shall be required for such duplicate licenses.

31 (e) Where the license shall be issued to any corporation,
32 association or person operating more than one building containing
33 dining places at privately owned facilities which are open to the
34 public and where there is a continuity of ownership of all adjacent
35 property, such license shall be issued upon the payment of an annual
36 fee which shall be a master license and shall permit such sale within
37 and from one such place. Such license may be extended to the
38 additional dining places on the property or, in the case of a spirits,

1 beer, and wine restaurant licensed hotel, property owned or controlled
2 by leasehold interest by that hotel for use as a conference or
3 convention center or banquet facility open to the general public for
4 special events in the same metropolitan area, at the discretion of the
5 board and a duplicate license may be issued for each additional
6 place(~~(+ PROVIDED, That)~~). The holder of the master license for the
7 dining place shall not offer alcoholic beverages for sale, service, and
8 consumption at the additional place unless food service is available at
9 both the location of the master license and the duplicate license(~~(+
10 PROVIDED FURTHER, That)~~). An additional license fee of twenty dollars
11 shall be required for such duplicate licenses.

12 (2) The board, so far as in its judgment is reasonably possible,
13 shall confine spirits, beer, and wine restaurant licenses to the
14 business districts of cities and towns and other communities, and not
15 grant such licenses in residential districts, nor within the immediate
16 vicinity of schools, without being limited in the administration of
17 this subsection to any specific distance requirements.

18 (3) The board shall have discretion to issue spirits, beer, and
19 wine restaurant licenses outside of cities and towns in the state of
20 Washington. The purpose of this subsection is to enable the board, in
21 its discretion, to license in areas outside of cities and towns and
22 other communities, establishments which are operated and maintained
23 primarily for the benefit of tourists, vacationers and travelers, and
24 also golf and country clubs, and common carriers operating dining, club
25 and buffet cars, or boats.

26 (4) The total number of spirits, beer, and wine restaurant licenses
27 issued in the state of Washington by the board, not including spirits,
28 beer, and wine private club licenses, shall not in the aggregate at any
29 time exceed one license for each fifteen hundred of population in the
30 state, determined according to the yearly population determination
31 developed by the office of financial management pursuant to RCW
32 43.62.030.

33 (5) Notwithstanding the provisions of subsection (4) of this
34 section, the board shall refuse a spirits, beer, and wine restaurant
35 license to any applicant if in the opinion of the board the spirits,
36 beer, and wine restaurant licenses already granted for the particular
37 locality are adequate for the reasonable needs of the community.

1 (6)(a) The board may issue a caterer's endorsement to this license
2 to allow the licensee to remove the liquor stocks at the licensed
3 premises, for use as liquor for sale and service at event locations at
4 a specified date and, except as provided in subsection (7) of this
5 section, place not currently licensed by the board. If the event is
6 open to the public, it must be sponsored by a society or organization
7 as defined by RCW 66.24.375. If attendance at the event is limited to
8 members or invited guests of the sponsoring individual, society, or
9 organization, the requirement that the sponsor must be a society or
10 organization as defined by RCW 66.24.375 is waived. Cost of the
11 endorsement is three hundred fifty dollars.

12 (b) The holder of this license with catering endorsement shall, if
13 requested by the board, notify the board or its designee of the date,
14 time, place, and location of any catered event. Upon request, the
15 licensee shall provide to the board all necessary or requested
16 information concerning the society or organization that will be holding
17 the function at which the endorsed license will be utilized.

18 (7) Licensees under this section that hold a caterer's endorsement
19 are allowed to use this endorsement on a domestic winery premises or on
20 the premises of a passenger vessel under the following conditions:

21 (a) Agreements between the domestic winery or passenger vessel, as
22 the case may be, and the retail licensee shall be in writing, contain
23 no exclusivity clauses regarding the alcohol beverages to be served,
24 and be filed with the board; and

25 (b) The domestic winery or passenger vessel, as the case may be,
26 and the retail licensee shall be separately contracted and compensated
27 by the persons sponsoring the event for their respective services.

28 **Sec. 4.** RCW 66.24.210 and 2001 c 124 s 1 are each amended to read
29 as follows:

30 (1) There is hereby imposed upon all wines except cider sold to
31 wine distributors and the Washington state liquor control board, within
32 the state a tax at the rate of twenty and one-fourth cents per liter.
33 There is hereby imposed on all cider sold to wine distributors and the
34 Washington state liquor control board within the state a tax at the
35 rate of three and fifty-nine one-hundredths cents per liter(~~(+~~
36 ~~PROVIDED, HOWEVER, That~~)). However, wine sold or shipped in bulk from
37 one winery to another winery shall not be subject to such tax. The tax

1 provided for in this section shall be collected by direct payments
2 based on wine purchased by wine distributors. Every person purchasing
3 wine under the provisions of this section shall on or before the
4 twentieth day of each month report to the board all purchases during
5 the preceding calendar month in such manner and upon such forms as may
6 be prescribed by the board, and with such report shall pay the tax due
7 from the purchases covered by such report unless the same has
8 previously been paid. Any such purchaser of wine whose applicable tax
9 payment is not postmarked by the twentieth day following the month of
10 purchase will be assessed a penalty at the rate of two percent a month
11 or fraction thereof. The board may require that every such person
12 shall execute to and file with the board a bond to be approved by the
13 board, in such amount as the board may fix, securing the payment of the
14 tax. If any such person fails to pay the tax when due, the board may
15 forthwith suspend or cancel the license until all taxes are paid.

16 (2) An additional tax is imposed equal to the rate specified in RCW
17 82.02.030 multiplied by the tax payable under subsection (1) of this
18 section. All revenues collected during any month from this additional
19 tax shall be transferred to the state general fund by the twenty-fifth
20 day of the following month.

21 (3) An additional tax is imposed on wines subject to tax under
22 subsection (1) of this section, at the rate of one-fourth of one cent
23 per liter for wine sold after June 30, 1987. After June 30, 1996, such
24 additional tax does not apply to cider. An additional tax of five one-
25 hundredths of one cent per liter is imposed on cider sold after June
26 30, 1996. All revenues collected under this subsection (3) shall be
27 disbursed quarterly to the Washington wine commission for use in
28 carrying out the purposes of chapter 15.88 RCW.

29 (4) An additional tax is imposed on all wine subject to tax under
30 subsection (1) of this section. The additional tax is equal to twenty-
31 three and forty-four one-hundredths cents per liter on fortified wine
32 as defined in RCW 66.04.010(~~(+38)~~) (40) when bottled or packaged by
33 the manufacturer, one cent per liter on all other wine except cider,
34 and eighteen one-hundredths of one cent per liter on cider. All
35 revenues collected during any month from this additional tax shall be
36 deposited in the violence reduction and drug enforcement account under
37 RCW 69.50.520 by the twenty-fifth day of the following month.

1 (5)(a) An additional tax is imposed on all cider subject to tax
2 under subsection (1) of this section. The additional tax is equal to
3 two and four one-hundredths cents per liter of cider sold after June
4 30, 1996, and before July 1, 1997, and is equal to four and seven one-
5 hundredths cents per liter of cider sold after June 30, 1997.

6 (b) All revenues collected from the additional tax imposed under
7 this subsection (5) shall be deposited in the health services account
8 under RCW 43.72.900.

9 (6) For the purposes of this section, "cider" means table wine that
10 contains not less than one-half of one percent of alcohol by volume and
11 not more than seven percent of alcohol by volume and is made from the
12 normal alcoholic fermentation of the juice of sound, ripe apples or
13 pears. "Cider" includes, but is not limited to, flavored, sparkling,
14 or carbonated cider and cider made from condensed apple or pear must.

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