
HOUSE BILL 3246

State of Washington 59th Legislature 2006 Regular Session

By Representatives Kirby, Moeller, Serben and Armstrong

Read first time 01/27/2006. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to the distribution of beer and wine by wineries
2 and breweries located inside and outside Washington state; amending RCW
3 66.24.170, 66.24.240, 66.24.206, 66.24.210, 66.24.270, 66.24.290,
4 66.28.180, and 42.56.270; reenacting and amending RCW 66.24.244,
5 66.28.070, and 66.28.180; prescribing penalties; providing effective
6 dates; providing an expiration date; and declaring an emergency.

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

8 **Sec. 1.** RCW 66.24.170 and 2003 c 44 s 1 are each amended to read
9 as follows:

10 (1) There shall be a license for domestic wineries; fee to be
11 computed only on the liters manufactured: Less than two hundred fifty
12 thousand liters per year, one hundred dollars per year; and two hundred
13 fifty thousand liters or more per year, four hundred dollars per year.

14 (2) The license allows for the manufacture of wine in Washington
15 state from grapes or other agricultural products.

16 (3) Any domestic winery licensed under this section may also act as
17 a (~~distributor and/or~~) retailer of wine of its own production. Any
18 domestic winery licensed under this section producing less than five
19 thousand cases annually may act as a distributor of its own production.

1 Any domestic winery licensed under this section producing more than
2 five thousand cases annually may act as a distributor of its own
3 production, so long as it does so only from a facility located in the
4 state of Washington that is physically separate and distinct from its
5 production facilities. The board shall adopt rules establishing the
6 criteria for determining whether a wholesaling facility is physically
7 separate and distinct from a production facility, and upon application
8 from a domestic winery shall issue a license for any wholesaling
9 facility that meets such criteria. Any winery operating as a
10 distributor and/or retailer under this subsection shall comply with the
11 applicable laws and rules relating to distributors and/or retailers.

12 (4) A domestic winery licensed under this section, at locations
13 separate from any of its production or manufacturing sites, may serve
14 samples of its own products, with or without charge, and sell wine of
15 its own production at retail for off-premise consumption, provided
16 that: (a) Each additional location has been approved by the board
17 under RCW 66.24.010; (b) the total number of additional locations does
18 not exceed two; and (c) a winery may not act as a distributor at any
19 such additional location. Each additional location is deemed to be
20 part of the winery license for the purpose of this title. Nothing in
21 this subsection shall be construed to prevent a domestic winery from
22 holding multiple domestic winery licenses.

23 (5)(a) A domestic winery licensed under this section may apply to
24 the board for an endorsement to sell wine of its own production at
25 retail for off-premises consumption at a qualifying farmers market.
26 The annual fee for this endorsement is seventy-five dollars. An
27 endorsement issued pursuant to this subsection does not count toward
28 the two additional retail locations limit specified in this section.

29 (b) For each month during which a domestic winery will sell wine at
30 a qualifying farmers market, the winery must provide the board or its
31 designee a list of the dates, times, and locations at which bottled
32 wine may be offered for sale. This list must be received by the board
33 before the winery may offer wine for sale at a qualifying farmers
34 market.

35 (c) The wine sold at qualifying farmers markets must be made
36 entirely from grapes grown in a recognized Washington appellation or
37 from other agricultural products grown in this state.

1 (d) Each approved location in a qualifying farmers market is deemed
2 to be part of the winery license for the purpose of this title. The
3 approved locations under an endorsement granted under this subsection
4 do not include the tasting or sampling privilege of a winery. The
5 winery may not store wine at a farmers market beyond the hours that the
6 winery offers bottled wine for sale. The winery may not act as a
7 distributor from a farmers market location.

8 (e) Before a winery may sell bottled wine at a qualifying farmers
9 market, the farmers market must apply to the board for authorization
10 for any winery with an endorsement approved under this subsection to
11 sell bottled wine at retail at the farmers market. This application
12 shall include, at a minimum: (i) A map of the farmers market showing
13 all booths, stalls, or other designated locations at which an approved
14 winery may sell bottled wine; and (ii) the name and contact information
15 for the on-site market managers who may be contacted by the board or
16 its designee to verify the locations at which bottled wine may be sold.
17 Before authorizing a qualifying farmers market to allow an approved
18 winery to sell bottled wine at retail at its farmers market location,
19 the board shall notify the persons or entities of such application for
20 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
21 granted under this subsection (5)(e) may be withdrawn by the board for
22 any violation of this title or any rules adopted under this title.

23 (f) The board may adopt rules establishing the application and
24 approval process under this section and such additional rules as may be
25 necessary to implement this section.

26 (g) For the purposes of this subsection:

27 (i) "Qualifying farmers market" means an entity that sponsors a
28 regular assembly of vendors at a defined location for the purpose of
29 promoting the sale of agricultural products grown or produced in this
30 state directly to the consumer under conditions that meet the following
31 minimum requirements:

32 (A) There are at least five participating vendors who are farmers
33 selling their own agricultural products;

34 (B) The total combined gross annual sales of vendors who are
35 farmers exceeds the total combined gross annual sales of vendors who
36 are processors or resellers;

37 (C) The total combined gross annual sales of vendors who are

1 farmers, processors, or resellers exceeds the total combined gross
2 annual sales of vendors who are not farmers, processors, or resellers;

3 (D) The sale of imported items and secondhand items by any vendor
4 is prohibited; and

5 (E) No vendor is a franchisee.

6 (ii) "Farmer" means a natural person who sells, with or without
7 processing, agricultural products that he or she raises on land he or
8 she owns or leases in this state or in another state's county that
9 borders this state.

10 (iii) "Processor" means a natural person who sells processed food
11 that he or she has personally prepared on land he or she owns or leases
12 in this state or in another state's county that borders this state.

13 (iv) "Reseller" means a natural person who buys agricultural
14 products from a farmer and resells the products directly to the
15 consumer.

16 (6) Wine produced in Washington state by a domestic winery licensee
17 may be shipped out-of-state for the purpose of making it into sparkling
18 wine and then returned to such licensee for resale. Such wine shall be
19 deemed wine manufactured in the state of Washington for the purposes of
20 RCW 66.24.206, and shall not require a special license.

21 **Sec. 2.** RCW 66.24.240 and 2003 c 154 s 1 are each amended to read
22 as follows:

23 (1) There shall be a license for domestic breweries; fee to be two
24 thousand dollars for production of sixty thousand barrels or more of
25 malt liquor per year.

26 (2) Any domestic brewery, except for a brand owner of malt
27 beverages under RCW 66.04.010(~~(+5)~~) (6), licensed under this section
28 may also act as a (~~distributor and/or~~) retailer for beer of its own
29 production. Any domestic brewery licensed under this section producing
30 less than two thousand five hundred barrels annually may act as a
31 distributor of beer of its own production. Any domestic brewery
32 licensed under this section producing more than two thousand five
33 hundred barrels annually may act as a distributor of its own
34 production, so long as it does so only from a facility located in the
35 state of Washington that is physically separate and distinct from its
36 production facilities. The board shall adopt rules establishing the
37 criteria for determining whether a wholesaling facility is physically

1 separate and distinct from a production facility, and upon application
2 from a domestic brewery shall issue a license for any wholesaling
3 facility that meets such criteria. Any domestic brewery operating as
4 a distributor and/or retailer under this subsection shall comply with
5 the applicable laws and rules relating to distributors and/or
6 retailers.

7 (3) Any domestic brewery licensed under this section may contract-
8 produce beer for a brand owner of malt beverages defined under RCW
9 66.04.010(~~(+5)~~) (6), and this contract-production is not a sale for
10 the purposes of RCW 66.28.170 and 66.28.180.

11 (4)(a) A domestic brewery licensed under this section and qualified
12 for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may
13 apply to the board for an endorsement to sell bottled beer of its own
14 production at retail for off-premises consumption at a qualifying
15 farmers market. The annual fee for this endorsement is seventy-five
16 dollars.

17 (b) For each month during which a domestic brewery will sell beer
18 at a qualifying farmers market, the domestic brewery must provide the
19 board or its designee a list of the dates, times, and locations at
20 which bottled beer may be offered for sale. This list must be received
21 by the board before the domestic brewery may offer beer for sale at a
22 qualifying farmers market.

23 (c) The beer sold at qualifying farmers markets must be produced in
24 Washington.

25 (d) Each approved location in a qualifying farmers market is deemed
26 to be part of the domestic brewery license for the purpose of this
27 title. The approved locations under an endorsement granted under this
28 subsection do not include the tasting or sampling privilege of a
29 domestic brewery. The domestic brewery may not store beer at a farmers
30 market beyond the hours that the domestic brewery offers bottled beer
31 for sale. The domestic brewery may not act as a distributor from a
32 farmers market location.

33 (e) Before a domestic brewery may sell bottled beer at a qualifying
34 farmers market, the farmers market must apply to the board for
35 authorization for any domestic brewery with an endorsement approved
36 under this subsection to sell bottled beer at retail at the farmers
37 market. This application shall include, at a minimum: (i) A map of
38 the farmers market showing all booths, stalls, or other designated

1 locations at which an approved domestic brewery may sell bottled beer;
2 and (ii) the name and contact information for the on-site market
3 managers who may be contacted by the board or its designee to verify
4 the locations at which bottled beer may be sold. Before authorizing a
5 qualifying farmers market to allow an approved domestic brewery to sell
6 bottled beer at retail at its farmers market location, the board shall
7 notify the persons or entities of such application for authorization
8 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
9 this subsection (4)(e) may be withdrawn by the board for any violation
10 of this title or any rules adopted under this title.

11 (f) The board may adopt rules establishing the application and
12 approval process under this section and such additional rules as may be
13 necessary to implement this section.

14 (g) For the purposes of this subsection:

15 (i) "Qualifying farmers market" means an entity that sponsors a
16 regular assembly of vendors at a defined location for the purpose of
17 promoting the sale of agricultural products grown or produced in this
18 state directly to the consumer under conditions that meet the following
19 minimum requirements:

20 (A) There are at least five participating vendors who are farmers
21 selling their own agricultural products;

22 (B) The total combined gross annual sales of vendors who are
23 farmers exceeds the total combined gross annual sales of vendors who
24 are processors or resellers;

25 (C) The total combined gross annual sales of vendors who are
26 farmers, processors, or resellers exceeds the total combined gross
27 annual sales of vendors who are not farmers, processors, or resellers;

28 (D) The sale of imported items and secondhand items by any vendor
29 is prohibited; and

30 (E) No vendor is a franchisee.

31 (ii) "Farmer" means a natural person who sells, with or without
32 processing, agricultural products that he or she raises on land he or
33 she owns or leases in this state or in another state's county that
34 borders this state.

35 (iii) "Processor" means a natural person who sells processed food
36 that he or she has personally prepared on land he or she owns or leases
37 in this state or in another state's county that borders this state.

1 (iv) "Reseller" means a natural person who buys agricultural
2 products from a farmer and resells the products directly to the
3 consumer.

4 **Sec. 3.** RCW 66.24.244 and 2003 c 167 s 1 and 2003 c 154 s 2 are
5 each reenacted and amended to read as follows:

6 (1) There shall be a license for microbreweries; fee to be one
7 hundred dollars for production of less than sixty thousand barrels of
8 malt liquor, including strong beer, per year.

9 (2) Any microbrewery license under this section may also act as a
10 distributor and/or retailer for beer and strong beer of its own
11 production. Any microbrewery licensed under this section producing
12 less than two thousand five hundred barrels annually may act as a
13 distributor of beer of its own production. Any microbrewery licensed
14 under this section producing more than two thousand five hundred
15 barrels annually may act as a distributor of its own production, so
16 long as it does so only from a facility located in the state of
17 Washington that is physically separate and distinct from its production
18 facilities. The board shall adopt rules establishing the criteria for
19 determining whether a wholesaling facility is physically separate and
20 distinct from a production facility, and upon application from a
21 microbrewery shall issue a license for any wholesaling facility that
22 meets such criteria. Strong beer may not be sold at a farmers market
23 or under any endorsement which may authorize microbreweries to sell
24 beer at farmers markets. Any microbrewery operating as a distributor
25 and/or retailer under this subsection shall comply with the applicable
26 laws and rules relating to distributors and/or retailers.

27 (3) The board may issue an endorsement to this license allowing for
28 on-premises consumption of beer, including strong beer, wine, or both
29 of other manufacture if purchased from a Washington state-licensed
30 distributor. Each endorsement shall cost two hundred dollars per year,
31 or four hundred dollars per year allowing the sale and service of both
32 beer and wine.

33 (4) The microbrewer obtaining such endorsement must determine, at
34 the time the endorsement is issued, whether the licensed premises will
35 be operated either as a tavern with persons under twenty-one years of
36 age not allowed as provided for in RCW 66.24.330, or as a beer and/or
37 wine restaurant as described in RCW 66.24.320.

1 (5)(a) A microbrewery licensed under this section may apply to the
2 board for an endorsement to sell bottled beer of its own production at
3 retail for off-premises consumption at a qualifying farmers market.
4 The annual fee for this endorsement is seventy-five dollars.

5 (b) For each month during which a microbrewery will sell beer at a
6 qualifying farmers market, the microbrewery must provide the board or
7 its designee a list of the dates, times, and locations at which bottled
8 beer may be offered for sale. This list must be received by the board
9 before the microbrewery may offer beer for sale at a qualifying farmers
10 market.

11 (c) The beer sold at qualifying farmers markets must be produced in
12 Washington.

13 (d) Each approved location in a qualifying farmers market is deemed
14 to be part of the microbrewery license for the purpose of this title.
15 The approved locations under an endorsement granted under this
16 subsection (5) do not constitute the tasting or sampling privilege of
17 a microbrewery. The microbrewery may not store beer at a farmers
18 market beyond the hours that the microbrewery offers bottled beer for
19 sale. The microbrewery may not act as a distributor from a farmers
20 market location.

21 (e) Before a microbrewery may sell bottled beer at a qualifying
22 farmers market, the farmers market must apply to the board for
23 authorization for any microbrewery with an endorsement approved under
24 this subsection (5) to sell bottled beer at retail at the farmers
25 market. This application shall include, at a minimum: (i) A map of
26 the farmers market showing all booths, stalls, or other designated
27 locations at which an approved microbrewery may sell bottled beer; and
28 (ii) the name and contact information for the on-site market managers
29 who may be contacted by the board or its designee to verify the
30 locations at which bottled beer may be sold. Before authorizing a
31 qualifying farmers market to allow an approved microbrewery to sell
32 bottled beer at retail at its farmers market location, the board shall
33 notify the persons or entities of the application for authorization
34 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
35 this subsection (5)(e) may be withdrawn by the board for any violation
36 of this title or any rules adopted under this title.

37 (f) The board may adopt rules establishing the application and

1 approval process under this section and any additional rules necessary
2 to implement this section.

3 (g) For the purposes of this subsection (5):

4 (i) "Qualifying farmers market" means an entity that sponsors a
5 regular assembly of vendors at a defined location for the purpose of
6 promoting the sale of agricultural products grown or produced in this
7 state directly to the consumer under conditions that meet the following
8 minimum requirements:

9 (A) There are at least five participating vendors who are farmers
10 selling their own agricultural products;

11 (B) The total combined gross annual sales of vendors who are
12 farmers exceeds the total combined gross annual sales of vendors who
13 are processors or resellers;

14 (C) The total combined gross annual sales of vendors who are
15 farmers, processors, or resellers exceeds the total combined gross
16 annual sales of vendors who are not farmers, processors, or resellers;

17 (D) The sale of imported items and secondhand items by any vendor
18 is prohibited; and

19 (E) No vendor is a franchisee.

20 (ii) "Farmer" means a natural person who sells, with or without
21 processing, agricultural products that he or she raises on land he or
22 she owns or leases in this state or in another state's county that
23 borders this state.

24 (iii) "Processor" means a natural person who sells processed food
25 that he or she has personally prepared on land he or she owns or leases
26 in this state or in another state's county that borders this state.

27 (iv) "Reseller" means a natural person who buys agricultural
28 products from a farmer and resells the products directly to the
29 consumer.

30 **Sec. 4.** RCW 66.24.206 and 2004 c 160 s 4 are each amended to read
31 as follows:

32 (1)(a) A United States winery (~~(or manufacturer of wine)~~) located
33 outside the state of Washington must hold a certificate of approval to
34 allow sales and shipment of the certificate of approval holder's wine
35 to licensed Washington wine distributors (~~(or)~~), importers, or
36 retailers. A certificate of approval holder producing less than five
37 thousand cases annually may act as a distributor of wine of its own

1 production. Any certificate of approval holder producing more than
2 five thousand cases annually may act as a distributor of its own
3 production, so long as it does so only from a facility located in the
4 state of Washington that is physically separate and distinct from its
5 production facilities. The board shall adopt rules establishing the
6 criteria for determining whether a wholesaling facility is physically
7 separate and distinct from a production facility, and upon application
8 from a certificate of approval holder shall issue a license for any
9 wholesaling facility that meets such criteria.

10 (b) Authorized representatives must hold a certificate of approval
11 to allow sales and shipment of United States produced wine to licensed
12 Washington wine distributors or importers.

13 (c) Authorized representatives must also hold a certificate of
14 approval to allow sales and shipments of foreign produced wine to
15 licensed Washington wine distributors or importers.

16 (2) The certificate of approval shall not be granted unless and
17 until such winery or manufacturer of wine or authorized representative
18 shall have made a written agreement with the board to furnish to the
19 board, on or before the twentieth day of each month, a report under
20 oath, on a form to be prescribed by the board, showing the quantity of
21 wine sold or delivered to each licensed wine distributor ~~((or))~~,
22 importer, or retailer, during the preceding month, and shall further
23 have agreed with the board, that such wineries, manufacturers, or
24 authorized representatives, and all general sales corporations or
25 agencies maintained by them, and all of their trade representatives,
26 shall and will faithfully comply with all laws of the state of
27 Washington pertaining to the sale of intoxicating liquors and all rules
28 and regulations of the Washington state liquor control board. A
29 violation of the terms of this agreement will cause the board to take
30 action to suspend or revoke such certificate.

31 (3) The fee for the certificate of approval and related
32 endorsements, issued pursuant to the provisions of this title, shall be
33 from time to time established by the board at a level that is
34 sufficient to defray the costs of administering the certificate of
35 approval program. The fee shall be fixed by rule by the board in
36 accordance with the provisions of the administrative procedure act,
37 chapter 34.05 RCW.

1 (4) By applying for and exercising its rights under a certificate
2 of approval, the holder of the certificate consents to the jurisdiction
3 of Washington concerning enforcement of this act and all laws and rules
4 of the state of Washington related to the sale and shipment of wine,
5 and further consents to the entry of the board or its agents or
6 designees on the premises of the certificate of approval holder to the
7 same extent and for all the same purposes as if the certificate of
8 approval holder were physically located in the state of Washington. In
9 the event the board determines that there has been any material
10 discrepancy in the recordkeeping or recording of any person holding a
11 certificate of approval, the person shall reimburse the board for the
12 entire cost of determining that such discrepancy occurred.

13 **Sec. 5.** RCW 66.24.210 and 2001 c 124 s 1 are each amended to read
14 as follows:

15 (1) There is hereby imposed upon all wines except cider sold to
16 wine distributors and the Washington state liquor control board, within
17 the state a tax at the rate of twenty and one-fourth cents per liter.
18 Any domestic winery or certificate of approval holder acting as a
19 distributor of its own production shall pay taxes imposed by this
20 section. There is hereby imposed on all cider sold to wine
21 distributors and the Washington state liquor control board within the
22 state a tax at the rate of three and fifty-nine one-hundredths cents
23 per liter: PROVIDED, HOWEVER, That wine sold or shipped in bulk from
24 one winery to another winery shall not be subject to such tax.

25 (a) The tax provided for in this section shall be collected by
26 direct payments based on wine purchased by wine distributors.

27 (b) Every person purchasing wine under the provisions of this
28 section shall on or before the twentieth day of each month report to
29 the board all purchases during the preceding calendar month in such
30 manner and upon such forms as may be prescribed by the board, and with
31 such report shall pay the tax due from the purchases covered by such
32 report unless the same has previously been paid. Any such purchaser of
33 wine whose applicable tax payment is not postmarked by the twentieth
34 day following the month of purchase will be assessed a penalty at the
35 rate of two percent a month or fraction thereof. The board may require
36 that every such person shall execute to and file with the board a bond
37 to be approved by the board, in such amount as the board may fix,

1 securing the payment of the tax. If any such person fails to pay the
2 tax when due, the board may forthwith suspend or cancel the license
3 until all taxes are paid.

4 (c) Any licensed retailer authorized to purchase wine from a
5 certificate of approval holder shall make monthly reports to the liquor
6 control board on wine purchased during the preceding calendar month in
7 the manner and upon such forms as may be prescribed by the board.

8 (2) An additional tax is imposed equal to the rate specified in RCW
9 82.02.030 multiplied by the tax payable under subsection (1) of this
10 section. All revenues collected during any month from this additional
11 tax shall be transferred to the state general fund by the twenty-fifth
12 day of the following month.

13 (3) An additional tax is imposed on wines subject to tax under
14 subsection (1) of this section, at the rate of one-fourth of one cent
15 per liter for wine sold after June 30, 1987. After June 30, 1996, such
16 additional tax does not apply to cider. An additional tax of five one-
17 hundredths of one cent per liter is imposed on cider sold after June
18 30, 1996. All revenues collected under this subsection (3) shall be
19 disbursed quarterly to the Washington wine commission for use in
20 carrying out the purposes of chapter 15.88 RCW.

21 (4) An additional tax is imposed on all wine subject to tax under
22 subsection (1) of this section. The additional tax is equal to twenty-
23 three and forty-four one-hundredths cents per liter on fortified wine
24 as defined in RCW 66.04.010(~~(+38)~~) (39) when bottled or packaged by
25 the manufacturer, one cent per liter on all other wine except cider,
26 and eighteen one-hundredths of one cent per liter on cider. All
27 revenues collected during any month from this additional tax shall be
28 deposited in the violence reduction and drug enforcement account under
29 RCW 69.50.520 by the twenty-fifth day of the following month.

30 (5)(a) An additional tax is imposed on all cider subject to tax
31 under subsection (1) of this section. The additional tax is equal to
32 two and four one-hundredths cents per liter of cider sold after June
33 30, 1996, and before July 1, 1997, and is equal to four and seven one-
34 hundredths cents per liter of cider sold after June 30, 1997.

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

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

7 **Sec. 6.** RCW 66.24.270 and 2004 c 160 s 8 are each amended to read
8 as follows:

9 (1) Every person, firm or corporation, holding a license to
10 manufacture malt liquors or strong beer within the state of Washington,
11 shall, on or before the twentieth day of each month, furnish to the
12 Washington state liquor control board, on a form to be prescribed by
13 the board, a statement showing the quantity of malt liquors and strong
14 beer sold for resale during the preceding calendar month to each beer
15 distributor within the state of Washington.

16 (2)(a) A United States brewery or manufacturer of beer or strong
17 beer, located outside the state of Washington, must hold a certificate
18 of approval to allow sales and shipment of the certificate of approval
19 holder's beer or strong beer to licensed Washington beer distributors
20 ~~((or)), importers, or retailers.~~ A certificate of approval holder
21 producing less than two thousand five hundred barrels annually may act
22 as a distributor of beer of its own production. Any certificate of
23 approval holder producing more than two thousand five hundred barrels
24 annually may act as a distributor of its own production, so long as it
25 does so only from a facility that is physically separate and distinct
26 from its production facilities. The board shall adopt rules
27 establishing the criteria for determining whether a wholesaling
28 facility is physically separate and distinct from a production
29 facility, and upon application from a certificate of approval holder
30 shall issue a license for any wholesaling facility that meets such
31 criteria.

32 (b) Authorized representatives must hold a certificate of approval
33 to allow sales and shipment of United States produced beer or strong
34 beer to licensed Washington beer distributors or importers.

35 (c) Authorized representatives must also hold a certificate of
36 approval to allow sales and shipments of foreign produced beer or
37 strong beer to licensed Washington beer distributors or importers.

1 (3) The certificate of approval shall not be granted unless and
2 until such brewer or manufacturer of beer or strong beer or authorized
3 representative shall have made a written agreement with the board to
4 furnish to the board, on or before the twentieth day of each month, a
5 report under oath, on a form to be prescribed by the board, showing the
6 quantity of beer and strong beer sold or delivered to each licensed
7 beer distributor ~~((or))~~, importer, or retailer during the preceding
8 month, and shall further have agreed with the board, that such brewer
9 or manufacturer of beer or strong beer or authorized representative and
10 all general sales corporations or agencies maintained by them, and all
11 of their trade representatives, corporations, and agencies, shall and
12 will faithfully comply with all laws of the state of Washington
13 pertaining to the sale of intoxicating liquors and all rules and
14 regulations of the Washington state liquor control board. A violation
15 of the terms of this agreement will cause the board to take action to
16 suspend or revoke such certificate.

17 (4) The fee for the certificate of approval and related
18 endorsements, issued pursuant to the provisions of this title, shall be
19 from time to time established by the board at a level that is
20 sufficient to defray the costs of administering the certificate of
21 approval program. The fee shall be fixed by rule by the board in
22 accordance with the provisions of the administrative procedure act,
23 chapter 34.05 RCW.

24 (5) By applying for and exercising its rights under a certificate
25 of approval, the holder of the certificate consents to the jurisdiction
26 of Washington concerning enforcement of this act and all laws and rules
27 of the state of Washington related to the sale and shipment of beer,
28 and further consents to the entry of the board or its agents or
29 designees on the premises of the certificate of approval holder to the
30 same extent and for all the same purposes as if the certificate of
31 approval holder were physically located in the state of Washington. In
32 the event the board determines that there has been any material
33 discrepancy in the recordkeeping or recording of any person holding a
34 certificate of approval, the person shall reimburse the board for the
35 entire cost of determining that such discrepancy occurred.

36 **Sec. 7.** RCW 66.24.290 and 2003 c 167 s 5 are each amended to read
37 as follows:

1 (1) Any microbrewer or domestic brewery or beer distributor
2 licensed under this title may sell and deliver beer and strong beer to
3 holders of authorized licenses direct, but to no other person, other
4 than the board(~~(+and)~~). Any certificate of approval holder authorized
5 to act as a distributor under RCW 66.24.270 shall pay the taxes imposed
6 by this section.

7 (a) Every such brewery or beer distributor shall report all sales
8 to the board monthly, pursuant to the regulations, and shall pay to the
9 board as an added tax for the privilege of manufacturing and selling
10 the beer and strong beer within the state a tax of one dollar and
11 thirty cents per barrel of thirty-one gallons on sales to licensees
12 within the state and on sales to licensees within the state of bottled
13 and canned beer, including strong beer, shall pay a tax computed in
14 gallons at the rate of one dollar and thirty cents per barrel of
15 thirty-one gallons.

16 (b) Any brewery or beer distributor whose applicable tax payment is
17 not postmarked by the twentieth day following the month of sale will be
18 assessed a penalty at the rate of two percent per month or fraction
19 thereof. Beer and strong beer shall be sold by breweries and
20 distributors in sealed barrels or packages.

21 (c) The moneys collected under this subsection shall be distributed
22 as follows: (~~(+a)~~) (i) Three-tenths of a percent shall be distributed
23 to border areas under RCW 66.08.195; and (~~(+b)~~) (ii) of the remaining
24 moneys: (~~(+i)~~) (A) Twenty percent shall be distributed to counties in
25 the same manner as under RCW 66.08.200; and (~~(+ii)~~) (B) eighty percent
26 shall be distributed to incorporated cities and towns in the same
27 manner as under RCW 66.08.210.

28 (d) Any licensed retailer authorized to purchase beer from a
29 certificate of approval holder shall make monthly reports to the liquor
30 control board on beer purchased during the preceding calendar month in
31 the manner and upon such forms as may be prescribed by the board.

32 (2) An additional tax is imposed on all beer and strong beer
33 subject to tax under subsection (1) of this section. The additional
34 tax is equal to two dollars per barrel of thirty-one gallons. 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 (3)(a) An additional tax is imposed on all beer and strong beer
2 subject to tax under subsection (1) of this section. The additional
3 tax is equal to ninety-six cents per barrel of thirty-one gallons
4 through June 30, 1995, two dollars and thirty-nine cents per barrel of
5 thirty-one gallons for the period July 1, 1995, through June 30, 1997,
6 and four dollars and seventy-eight cents per barrel of thirty-one
7 gallons thereafter.

8 (b) The additional tax imposed under this subsection does not apply
9 to the sale of the first sixty thousand barrels of beer each year by
10 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
11 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
12 be provided by the board by rule consistent with the purposes of this
13 exemption.

14 (c) All revenues collected from the additional tax imposed under
15 this subsection (3) shall be deposited in the health services account
16 under RCW 43.72.900.

17 (4) An additional tax is imposed on all beer and strong beer that
18 is subject to tax under subsection (1) of this section that is in the
19 first sixty thousand barrels of beer and strong beer by breweries that
20 are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as
21 existing on July 1, 1993, or such subsequent date as may be provided by
22 the board by rule consistent with the purposes of the exemption under
23 subsection (3)(b) of this section. The additional tax is equal to one
24 dollar and forty-eight and two-tenths cents per barrel of thirty-one
25 gallons. By the twenty-fifth day of the following month, three percent
26 of the revenues collected from this additional tax shall be distributed
27 to border areas under RCW 66.08.195 and the remaining moneys shall be
28 transferred to the state general fund.

29 (5) The board may make refunds for all taxes paid on beer and
30 strong beer exported from the state for use outside the state.

31 (6) The board may require filing with the board of a bond to be
32 approved by it, in such amount as the board may fix, securing the
33 payment of the tax. If any licensee fails to pay the tax when due, the
34 board may forthwith suspend or cancel his or her license until all
35 taxes are paid.

36 **Sec. 8.** RCW 66.28.070 and 1994 c 201 s 5 and 1994 c 63 s 2 are
37 each reenacted and amended to read as follows:

1 (1) Except as provided in subsection (2) of this section, it shall
2 be unlawful for any retail beer or wine licensee to purchase beer or
3 wine, except from a duly licensed (~~wholesaler~~) distributor, domestic
4 winery, domestic brewer, certificate of approval holder, or the
5 board(~~, and~~). It shall be unlawful for any brewer, winery, or beer
6 or wine (~~wholesaler~~) distributor to purchase beer or wine, except
7 from a duly licensed beer or wine (~~wholesaler~~) distributor, or
8 importer or certificate of approval holder.

9 (2) A beer or wine retailer licensee may purchase beer or wine from
10 a government agency which has lawfully seized beer or wine from a
11 licensed beer or wine retailer, or from a board-authorized retailer, or
12 from a licensed retailer which has discontinued business if the
13 (~~wholesaler~~) distributor has refused to accept beer or wine from that
14 retailer for return and refund. Beer and wine purchased under this
15 subsection shall meet the quality standards set by its manufacturer.

16 (3) Special occasion licensees holding (~~either~~) a (~~class G or~~
17 ~~F~~) special occasion license may only purchase beer or wine from a beer
18 or wine retailer duly licensed to sell beer or wine for off-premises
19 consumption, the board, or from a duly licensed beer or wine
20 (~~wholesaler~~) distributor.

21 **Sec. 9.** RCW 66.28.180 and 2004 c 269 s 1 and 2004 c 160 s 18 are
22 each reenacted and amended to read as follows:

23 It is unlawful for a person, firm, or corporation holding a
24 certificate of approval issued under RCW 66.24.270 or 66.24.206, a beer
25 distributor's license, a domestic brewery license, a microbrewery
26 license, a beer importer's license, a beer distributor's license, a
27 domestic winery license, a wine importer's license, or a wine
28 distributor's license within the state of Washington to modify any
29 prices without prior notification to and approval of the board.

30 (1) Intent. This section is enacted, pursuant to the authority of
31 this state under the twenty-first amendment to the United States
32 Constitution, to promote the public's interest in fostering the orderly
33 and responsible distribution of malt beverages and wine towards
34 effective control of consumption; to promote the fair and efficient
35 three-tier system of distribution of such beverages; and to confirm
36 existing board rules as the clear expression of state policy to

1 regulate the manner of selling and pricing of wine and malt beverages
2 by licensed suppliers and distributors.

3 (2) Beer and wine distributor price posting.

4 (a) Every beer or wine distributor shall file with the board at its
5 office in Olympia a price posting showing the wholesale prices at which
6 any and all brands of beer and wine sold by such beer and/or wine
7 distributor shall be sold to retailers within the state.

8 (b) Each price posting shall be made on a form prepared and
9 furnished by the board, or a reasonable facsimile thereof, and shall
10 set forth:

11 (i) All brands, types, packages, and containers of beer offered for
12 sale by such beer and/or wine distributor;

13 (ii) The wholesale prices thereof to retail licensees, including
14 allowances, if any, for returned empty containers.

15 (c) No beer and/or wine distributor may sell or offer to sell any
16 package or container of beer or wine to any retail licensee at a price
17 differing from the price for such package or container as shown in the
18 price posting filed by the beer and/or wine distributor and then in
19 effect, according to rules adopted by the board.

20 (d) Quantity discounts are prohibited. No price may be posted that
21 is below acquisition cost plus ten percent of acquisition cost.
22 However, the board is empowered to review periodically, as it may deem
23 appropriate, the amount of the percentage of acquisition cost as a
24 minimum mark-up over cost and to modify such percentage by rule of the
25 board, except such percentage shall be not less than ten percent.

26 (e) Distributor prices on a "close-out" item shall be accepted by
27 the board if the item to be discontinued has been listed on the state
28 market for a period of at least six months, and upon the further
29 condition that the distributor who posts such a close-out price shall
30 not restock the item for a period of one year following the first
31 effective date of such close-out price.

32 (f) The board may reject any price posting that it deems to be in
33 violation of this section or any rule, or portion thereof, or that
34 would tend to disrupt the orderly sale and distribution of beer and
35 wine. Whenever the board rejects any posting, the licensee submitting
36 the posting may be heard by the board and shall have the burden of
37 showing that the posting is not in violation of this section or a rule
38 or does not tend to disrupt the orderly sale and distribution of beer

1 and wine. If the posting is accepted, it shall become effective at the
2 time fixed by the board. If the posting is rejected, the last
3 effective posting shall remain in effect until such time as an amended
4 posting is filed and approved, in accordance with the provisions of
5 this section.

6 (g) Prior to the effective date of the posted prices, all price
7 postings filed as required by this section constitute investigative
8 information and shall not be subject to disclosure, pursuant to RCW
9 42.17.310(1)(d).

10 (h) Any beer and/or wine distributor or employee authorized by the
11 distributor-employer may sell beer and/or wine at the distributor's
12 posted prices to any annual or special occasion retail licensee upon
13 presentation to the distributor or employee at the time of purchase of
14 a special permit issued by the board to such licensee.

15 (i) Every annual or special occasion retail licensee, upon
16 purchasing any beer and/or wine from a distributor, shall immediately
17 cause such beer or wine to be delivered to the licensed premises, and
18 the licensee shall not thereafter permit such beer to be disposed of in
19 any manner except as authorized by the license.

20 (ii) Beer and wine sold as provided in this section shall be
21 delivered by the distributor or an authorized employee either to the
22 retailer's licensed premises or directly to the retailer at the
23 distributor's licensed premises. A domestic winery, a domestic
24 brewery, or a certificate of approval holder acting as a distributor of
25 its own production may use a common carrier licensed under subsection
26 (4) of this section to deliver to a Washington retailer. A
27 distributor's prices to retail licensees shall be the same at both such
28 places of delivery.

29 (3) Beer and wine suppliers' price filings, contracts, and
30 memoranda.

31 (a) Every domestic brewery, microbrewery, and domestic winery
32 offering beer and/or wine for sale within the state shall file with the
33 board at its office in Olympia a copy of every written contract and a
34 memorandum of every oral agreement which such brewery or winery may
35 have with any beer or wine distributor, which contracts or memoranda
36 shall contain a schedule of prices charged to distributors for all
37 items and all terms of sale, including all regular and special
38 discounts; all advertising, sales and trade allowances, and incentive

1 programs; and all commissions, bonuses or gifts, and any and all other
2 discounts or allowances. Whenever changed or modified, such revised
3 contracts or memoranda shall forthwith be filed with the board as
4 provided for by rule. The provisions of this section also apply to
5 certificate of approval holders, beer and/or wine importers, and beer
6 and/or wine distributors who sell to other beer and/or wine
7 distributors.

8 Each price schedule shall be made on a form prepared and furnished
9 by the board, or a reasonable facsimile thereof, and shall set forth
10 all brands, types, packages, and containers of beer or wine offered for
11 sale by such licensed brewery or winery; all additional information
12 required may be filed as a supplement to the price schedule forms.

13 (b) Prices filed by a domestic brewery, microbrewery, domestic
14 winery, or certificate of approval holder shall be uniform prices to
15 all distributors or retailers on a statewide basis less bona fide
16 allowances for freight differentials. Quantity discounts are
17 prohibited. No price shall be filed that is below
18 acquisition/production cost plus ten percent of that cost, except that
19 acquisition cost plus ten percent of acquisition cost does not apply to
20 sales of beer or wine between a beer or wine importer who sells beer or
21 wine to another beer or wine importer or to a beer or wine distributor,
22 or to a beer or wine distributor who sells beer or wine to another beer
23 or wine distributor. However, the board is empowered to review
24 periodically, as it may deem appropriate, the amount of the percentage
25 of acquisition/production cost as a minimum mark-up over cost and to
26 modify such percentage by rule of the board, except such percentage
27 shall be not less than ten percent.

28 (c) No domestic brewery, microbrewery, domestic winery, certificate
29 of approval holder, beer or wine importer, or beer or wine distributor
30 may sell or offer to sell any beer or wine to any persons whatsoever in
31 this state until copies of such written contracts or memoranda of such
32 oral agreements are on file with the board.

33 (d) No domestic brewery, microbrewery, domestic winery, or
34 certificate of approval holder may sell or offer to sell any package or
35 container of beer or wine to any distributor at a price differing from
36 the price for such package or container as shown in the schedule of
37 prices filed by the domestic brewery, microbrewery, domestic winery, or

1 certificate of approval holder and then in effect, according to rules
2 adopted by the board.

3 (e) The board may reject any supplier's price filing, contract, or
4 memorandum of oral agreement, or portion thereof that it deems to be in
5 violation of this section or any rule or that would tend to disrupt the
6 orderly sale and distribution of beer or wine. Whenever the board
7 rejects any such price filing, contract, or memorandum, the licensee
8 submitting the price filing, contract, or memorandum may be heard by
9 the board and shall have the burden of showing that the price filing,
10 contract, or memorandum is not in violation of this section or a rule
11 or does not tend to disrupt the orderly sale and distribution of beer
12 or wine. If the price filing, contract, or memorandum is accepted, it
13 shall become effective at a time fixed by the board. If the price
14 filing, contract, or memorandum, or portion thereof, is rejected, the
15 last effective price filing, contract, or memorandum shall remain in
16 effect until such time as an amended price filing, contract, or
17 memorandum is filed and approved, in accordance with the provisions of
18 this section.

19 (f) Prior to the effective date of the posted prices, all prices,
20 contracts, and memoranda filed as required by this section constitute
21 investigative information and shall not be subject to disclosure,
22 pursuant to RCW 42.17.310(1)(d).

23 (4) No common carrier shall deliver beer or wine products in the
24 state of Washington until licensed to do so by the board in accordance
25 with this section. Any such license issued by the board shall be
26 contingent upon, and application for such a license shall constitute
27 consent to, the following:

28 (a) The common carrier shall not accept any shipment from any
29 person located outside the state of Washington for delivery into the
30 state of Washington without first making reasonable efforts to confirm
31 that the person holds a certificate of approval issued under RCW
32 66.24.206(1)(a) or 66.24.170(3);

33 (b) The common carrier shall make its books and records of beer and
34 wine shipments available to the board for inspection, without prior
35 notice, during normal business hours;

36 (c) The common carrier shall comply with all statutes and rules
37 governing the delivery of beer and wine products in the state of
38 Washington;

1 (d) If a common carrier accepts a shipment of beer or wine in
2 violation of (a) of this subsection, its license to deliver beer and
3 wine in Washington shall be suspended for six months upon the first
4 occasion, suspended for twelve months upon the second occurrence, and
5 revoked upon the third occasion;

6 (e) No common carrier whose license to deliver beer or wine in
7 Washington has been revoked under (d) of this subsection shall be
8 eligible to reapply for such a license for five years from the date of
9 revocation;

10 (f) In addition to suspension or revocation of its license as set
11 forth in (d) of this subsection, a common carrier accepting a shipment
12 of beer or wine in violation of (a) of this subsection, shall be
13 subject to a fine to be established by the board, but not to exceed ten
14 times the invoice value of the offending shipment, or ten thousand
15 dollars, whichever is greater.

16 **Sec. 10.** RCW 66.28.180 and 2005 c 274 s 327 are each amended to
17 read as follows:

18 It is unlawful for a person, firm, or corporation holding a
19 certificate of approval issued under RCW 66.24.270 or 66.24.206, a beer
20 distributor's license, a domestic brewery license, a microbrewery
21 license, a beer importer's license, a beer distributor's license, a
22 domestic winery license, a wine importer's license, or a wine
23 distributor's license within the state of Washington to modify any
24 prices without prior notification to and approval of the board.

25 (1) Intent. This section is enacted, pursuant to the authority of
26 this state under the twenty-first amendment to the United States
27 Constitution, to promote the public's interest in fostering the orderly
28 and responsible distribution of malt beverages and wine towards
29 effective control of consumption; to promote the fair and efficient
30 three-tier system of distribution of such beverages; and to confirm
31 existing board rules as the clear expression of state policy to
32 regulate the manner of selling and pricing of wine and malt beverages
33 by licensed suppliers and distributors.

34 (2) Beer and wine distributor price posting.

35 (a) Every beer or wine distributor shall file with the board at its
36 office in Olympia a price posting showing the wholesale prices at which

1 any and all brands of beer and wine sold by such beer and/or wine
2 distributor shall be sold to retailers within the state.

3 (b) Each price posting shall be made on a form prepared and
4 furnished by the board, or a reasonable facsimile thereof, and shall
5 set forth:

6 (i) All brands, types, packages, and containers of beer offered for
7 sale by such beer and/or wine distributor;

8 (ii) The wholesale prices thereof to retail licensees, including
9 allowances, if any, for returned empty containers.

10 (c) No beer and/or wine distributor may sell or offer to sell any
11 package or container of beer or wine to any retail licensee at a price
12 differing from the price for such package or container as shown in the
13 price posting filed by the beer and/or wine distributor and then in
14 effect, according to rules adopted by the board.

15 (d) Quantity discounts are prohibited. No price may be posted that
16 is below acquisition cost plus ten percent of acquisition cost.
17 However, the board is empowered to review periodically, as it may deem
18 appropriate, the amount of the percentage of acquisition cost as a
19 minimum mark-up over cost and to modify such percentage by rule of the
20 board, except such percentage shall be not less than ten percent.

21 (e) Distributor prices on a "close-out" item shall be accepted by
22 the board if the item to be discontinued has been listed on the state
23 market for a period of at least six months, and upon the further
24 condition that the distributor who posts such a close-out price shall
25 not restock the item for a period of one year following the first
26 effective date of such close-out price.

27 (f) The board may reject any price posting that it deems to be in
28 violation of this section or any rule, or portion thereof, or that
29 would tend to disrupt the orderly sale and distribution of beer and
30 wine. Whenever the board rejects any posting, the licensee submitting
31 the posting may be heard by the board and shall have the burden of
32 showing that the posting is not in violation of this section or a rule
33 or does not tend to disrupt the orderly sale and distribution of beer
34 and wine. If the posting is accepted, it shall become effective at the
35 time fixed by the board. If the posting is rejected, the last
36 effective posting shall remain in effect until such time as an amended
37 posting is filed and approved, in accordance with the provisions of
38 this section.

1 (g) Prior to the effective date of the posted prices, all price
2 postings filed as required by this section constitute investigative
3 information and shall not be subject to disclosure, pursuant to RCW
4 42.56.240(1).

5 (h) Any beer and/or wine distributor or employee authorized by the
6 distributor-employer may sell beer and/or wine at the distributor's
7 posted prices to any annual or special occasion retail licensee upon
8 presentation to the distributor or employee at the time of purchase of
9 a special permit issued by the board to such licensee.

10 (i) Every annual or special occasion retail licensee, upon
11 purchasing any beer and/or wine from a distributor, shall immediately
12 cause such beer or wine to be delivered to the licensed premises, and
13 the licensee shall not thereafter permit such beer to be disposed of in
14 any manner except as authorized by the license.

15 (ii) Beer and wine sold as provided in this section shall be
16 delivered by the distributor or an authorized employee either to the
17 retailer's licensed premises or directly to the retailer at the
18 distributor's licensed premises. A domestic winery, a domestic
19 brewery, or a certificate of approval holder acting as a distributor of
20 its own production may use a common carrier licensed under subsection
21 (4) of this section to deliver to a Washington retailer. A
22 distributor's prices to retail licensees shall be the same at both such
23 places of delivery.

24 (3) Beer and wine suppliers' price filings, contracts, and
25 memoranda.

26 (a) Every domestic brewery, microbrewery, and domestic winery
27 offering beer and/or wine for sale within the state shall file with the
28 board at its office in Olympia a copy of every written contract and a
29 memorandum of every oral agreement which such brewery or winery may
30 have with any beer or wine distributor, which contracts or memoranda
31 shall contain a schedule of prices charged to distributors for all
32 items and all terms of sale, including all regular and special
33 discounts; all advertising, sales and trade allowances, and incentive
34 programs; and all commissions, bonuses or gifts, and any and all other
35 discounts or allowances. Whenever changed or modified, such revised
36 contracts or memoranda shall forthwith be filed with the board as
37 provided for by rule. The provisions of this section also apply to

1 certificate of approval holders, beer and/or wine importers, and beer
2 and/or wine distributors who sell to other beer and/or wine
3 distributors.

4 Each price schedule shall be made on a form prepared and furnished
5 by the board, or a reasonable facsimile thereof, and shall set forth
6 all brands, types, packages, and containers of beer or wine offered for
7 sale by such licensed brewery or winery; all additional information
8 required may be filed as a supplement to the price schedule forms.

9 (b) Prices filed by a domestic brewery, microbrewery, domestic
10 winery, or certificate of approval holder shall be uniform prices to
11 all distributors or retailers on a statewide basis less bona fide
12 allowances for freight differentials. Quantity discounts are
13 prohibited. No price shall be filed that is below
14 acquisition/production cost plus ten percent of that cost, except that
15 acquisition cost plus ten percent of acquisition cost does not apply to
16 sales of beer or wine between a beer or wine importer who sells beer or
17 wine to another beer or wine importer or to a beer or wine distributor,
18 or to a beer or wine distributor who sells beer or wine to another beer
19 or wine distributor. However, the board is empowered to review
20 periodically, as it may deem appropriate, the amount of the percentage
21 of acquisition/production cost as a minimum mark-up over cost and to
22 modify such percentage by rule of the board, except such percentage
23 shall be not less than ten percent.

24 (c) No domestic brewery, microbrewery, domestic winery, certificate
25 of approval holder, beer or wine importer, or beer or wine distributor
26 may sell or offer to sell any beer or wine to any persons whatsoever in
27 this state until copies of such written contracts or memoranda of such
28 oral agreements are on file with the board.

29 (d) No domestic brewery, microbrewery, domestic winery, or
30 certificate of approval holder may sell or offer to sell any package or
31 container of beer or wine to any distributor at a price differing from
32 the price for such package or container as shown in the schedule of
33 prices filed by the domestic brewery, microbrewery, domestic winery, or
34 certificate of approval holder and then in effect, according to rules
35 adopted by the board.

36 (e) The board may reject any supplier's price filing, contract, or
37 memorandum of oral agreement, or portion thereof that it deems to be in
38 violation of this section or any rule or that would tend to disrupt the

1 orderly sale and distribution of beer or wine. Whenever the board
2 rejects any such price filing, contract, or memorandum, the licensee
3 submitting the price filing, contract, or memorandum may be heard by
4 the board and shall have the burden of showing that the price filing,
5 contract, or memorandum is not in violation of this section or a rule
6 or does not tend to disrupt the orderly sale and distribution of beer
7 or wine. If the price filing, contract, or memorandum is accepted, it
8 shall become effective at a time fixed by the board. If the price
9 filing, contract, or memorandum, or portion thereof, is rejected, the
10 last effective price filing, contract, or memorandum shall remain in
11 effect until such time as an amended price filing, contract, or
12 memorandum is filed and approved, in accordance with the provisions of
13 this section.

14 (f) Prior to the effective date of the posted prices, all prices,
15 contracts, and memoranda filed as required by this section constitute
16 investigative information and shall not be subject to disclosure,
17 pursuant to RCW 42.56.240(1).

18 (4) No common carrier shall deliver beer or wine products in the
19 state of Washington until licensed to do so by the board in accordance
20 with this section. Any such license issued by the board shall be
21 contingent upon, and application for such a license shall constitute
22 consent to, the following:

23 (a) The common carrier shall not accept any shipment from any
24 person located outside the state of Washington for delivery into the
25 state of Washington without first making reasonable efforts to confirm
26 that the person holds a certificate of approval issued under RCW
27 66.24.206(1)(a) or 66.24.170(3);

28 (b) The common carrier shall make its books and records of beer and
29 wine shipments available to the board for inspection, without prior
30 notice, during normal business hours;

31 (c) The common carrier shall comply with all statutes and rules
32 governing the delivery of beer and wine products in the state of
33 Washington;

34 (d) If a common carrier accepts a shipment of beer or wine in
35 violation of (a) of this subsection, its license to deliver beer and
36 wine in Washington shall be suspended for six months upon the first
37 occasion, suspended for twelve months upon the second occurrence, and
38 revoked upon the third occasion;

1 (e) No common carrier whose license to deliver beer or wine in
2 Washington has been revoked under (d) of this subsection shall be
3 eligible to reapply for such a license for five years from the date of
4 revocation;

5 (f) In addition to suspension or revocation of its license as set
6 forth in (d) of this subsection, a common carrier accepting a shipment
7 of beer or wine in violation of (a) of this subsection, shall be
8 subject to a fine to be established by the board, but not to exceed ten
9 times the invoice value of the offending shipment, or ten thousand
10 dollars, whichever is greater.

11 NEW SECTION. Sec. 11. Section 9 of this act expires July 1, 2006.

12 NEW SECTION. Sec. 12. Section 10 of this act takes effect July 1,
13 2006.

14 NEW SECTION. Sec. 13. Except for section 10 of this act, this act
15 is necessary for the immediate preservation of the public peace,
16 health, or safety, or support of the state government and its existing
17 public institutions, and takes effect April 14, 2006.

--- END ---