H-3325.1		

## HOUSE BILL 2626

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Hope and Reykdal

Read first time 01/19/12. Referred to Committee on State Government & Tribal Affairs.

- AN ACT Relating to sales and samplings by manufacturers of liquor; amending RCW 66.24.150, 66.28.295, 66.28.040, and 66.28.040; adding a
- 3 new section to chapter 66.24 RCW; providing an effective date; and
- 4 providing an expiration date.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 66.24.150 and 1997 c 321 s 2 are each amended to read 7 as follows:
- 8 (1) There shall be a license to manufacturers of liquor, including 9 all kinds of manufacturers except those licensed as distillers, 10 domestic brewers, microbreweries, wineries, and domestic wineries,
- 11 authorizing such licensees to manufacture, import, sell, and export
- 12 liquor from the state; fee five hundred dollars per annum.
- 13 (2) A manufacturer licensed under this section may sell liquor of
- 14 <u>its own production for consumption off the premises, up to two liters</u>
- 15 per person per day, at its licensed premises. A manufacturer selling
- 16 liquor under this subsection must comply with the applicable laws and
- 17 <u>rules relating to retailers.</u>
- 18 (3) A manufacturer licensed under this section may provide, free of
- 19 charge, one-half ounce or less samples of liquor of its own production

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- 1 to persons on the licensed premises. The maximum total per person per
- 2 day is two ounces. Every person who participates in any manner in the
- 3 service of samples must obtain a class 12 alcohol server permit.
- 4 <u>NEW SECTION.</u> **Sec. 2.** A new section is added to chapter 66.24 RCW 5 to read as follows:
- 6 (1) To promote economic development and the ability for businesses 7 to market products in Washington, licensed distillers, manufacturers, domestic breweries, microbreweries, and domestic wineries may create 8 9 joint tasting locations where participating licensees may market and sell their products as provided in this section. A licensed distiller, 10 11 manufacturer, domestic brewery, microbrewery, and domestic winery may 12 serve samples of and sell at retail liquor of its own production for 13 consumption on and off the premises, at up to two locations separate from its production or manufacturing sites. For a winery, the combined 14 limit on locations under this section and RCW 66.24.170(4) is two 15 Samples may be served with or without charge. Multiple 16 17 licensees may sell and serve liquor under this section at a single Each location must be approved by the board under RCW 18 location. Each additional location is deemed to be part of the 19 66.24.010. 20 distiller, manufacturer, domestic brewery, microbrewery, and domestic 21 winery license, as applicable, for the purpose of this title.
- (2) Any person selling or serving liquor under this section for onpremise consumption must obtain a class 12 or class 13 alcohol server permit.
  - (3) Food must be available at the joint tasting location.
- (4) Samples of spirits under this section must be one-quarter ounce or less. The maximum total per person per day of spirits samples by a licensee is one ounce. Sales of spirits by a licensee for off-premises consumption are limited to two liters per person per day.
- 30 **Sec. 3.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read as follows:
- Nothing in RCW 66.28.290 shall prohibit:

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33 (1) A licensed domestic brewery or microbrewery from being licensed 34 as a retailer pursuant to chapter 66.24 RCW for the purpose of selling 35 beer or wine at retail on the brewery premises and at one additional 36 off-site retail only location.

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(2) A domestic winery from being licensed as a retailer pursuant to chapter 66.24 RCW for the purpose of selling beer or wine at retail on the winery premises. Such beer and wine so sold at retail shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting and bonding requirements as prescribed by regulations adopted by the board pursuant to chapter 34.05 RCW, and beer and wine that is not produced by the brewery or winery shall be purchased from a licensed beer or wine distributor.

- (3) A microbrewery holding a beer and/or wine restaurant license under RCW 66.24.320 from holding the same privileges and endorsements attached to the beer and/or wine restaurant license.
- (4) A licensed craft distillery from selling spirits of its own production under RCW 66.24.145 or section 2 of this act.
- (5) A licensed manufacturer from selling spirits of its own production under RCW 66.24.150 or section 2 of this act.
- (6) A licensed distiller, domestic brewery, microbrewery, domestic winery, or a lessee of a licensed domestic brewer, microbrewery, or domestic winery, from being licensed as a spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW for the purpose of selling liquor at a spirits, beer, and wine restaurant premises on the property on which the primary manufacturing facility of the licensed distiller, domestic brewer, microbrewery, or domestic winery is located or on contiguous property owned or leased by the licensed distiller, domestic brewer, microbrewery, or domestic winery as prescribed by rules adopted by the board pursuant to chapter 34.05 RCW.
- $((\frac{(6)}{)})$   $\underline{(7)}$  A microbrewery holding a spirits, beer, and wine restaurant license under RCW 66.24.420 from holding the same privileges and endorsements attached to the spirits, beer, and wine restaurant license.
- ((+7)) (8) A brewery or microbrewery holding a spirits, beer, and wine restaurant license or a beer and/or wine license under chapter 66.24 RCW operated on the premises of the brewery or microbrewery from holding a second retail only license at a location separate from the premises of the brewery or microbrewery.
- $((\frac{(8)}{(8)}))$  (9) Retail licensees with a caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from operating on a domestic winery premises.

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((<del>(9)</del>)) (<u>10)</u> An organization qualifying under RCW 66.24.375 formed for the purpose of constructing and operating a facility to promote Washington wines from holding retail licenses on the facility property or leasing all or any portion of such facility property to a retail licensee on the facility property if the members of the board of directors or officers of the board for the organization include officers, directors, owners, or employees of a licensed domestic winery. Financing for the construction of the facility must include both public and private money.

 $((\frac{(10)}{)})$  (11) A bona fide charitable nonprofit society or association registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code, or a local wine industry association registered under Title 26 U.S.C. Sec. 501(c)(6) of the federal internal revenue code as it existed on July 22, 2007, and having an officer, director, owner, or employee of a licensed domestic winery or a wine certificate of approval holder on its board of directors from holding a special occasion license under RCW 66.24.380.

 $((\frac{11}{11}))$  (12) A person licensed pursuant to RCW 66.24.170, 66.24.240, or 66.24.244 from exercising the privileges of distributing and selling at retail such person's own production or from exercising any other right or privilege that attaches to such license or from selling at retail such person's own production under section 2 of this act.

 $((\frac{(12)}{(12)}))$  <u>(13)</u> A person holding a certificate of approval pursuant to RCW 66.24.206 from obtaining an endorsement to act as a distributor of their own product or from shipping their own product directly to consumers as authorized by RCW 66.20.360.

 $((\frac{13}{13}))$  <u>(14)</u> A person holding a wine shipper's permit pursuant to RCW 66.20.375 from shipping their own product directly to consumers.

 $((\frac{(14)}{(14)}))$  (15) A person holding a certificate of approval pursuant to RCW 66.24.270(2) from obtaining an endorsement to act as a distributor of their own product.

 $((\frac{(15)}{)})$  (16) A domestic winery and a restaurant licensed under RCW 66.24.320 or 66.24.400 from entering an arrangement to waive a corkage fee.

36 Sec. 4. RCW 66.28.040 and 2012 c 2 s 116 (Initiative Measure No. 1183) are each amended to read as follows:

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Except as permitted by the board under RCW 66.20.010, no domestic 1 2 brewery, microbrewery, distributor, distiller, domestic importer, rectifier, certificate of approval holder, or other 3 4 manufacturer of liquor may, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.305 5 6 prevents a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from 7 furnishing samples of beer, wine, or spirituous liquor to authorized 8 9 licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor control board, provided that the 10 11 samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210; 12 nothing in this section prevents a domestic brewery, microbrewery, 13 domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor for 14 instructional purposes under RCW 66.28.150; nothing in this section 15 prevents a domestic winery, certificate of approval holder, 16 distributor from furnishing wine without charge, subject to the taxes 17 imposed by RCW 66.24.210, to a not-for-profit group organized and 18 19 operated solely for the purpose of enology or the study of viticulture 20 which has been in existence for at least six months and that uses wine 21 so furnished solely for such educational purposes or a domestic winery, 22 or an out-of-state certificate of approval holder, from furnishing wine 23 without charge or a domestic brewery, or an out-of-state certificate of 24 approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller 25 26 licensed under RCW 66.24.140 or an accredited representative of a 27 distiller, manufacturer, importer, or distributor of spirituous liquor licensed under RCW 66.24.310, from furnishing spirits without charge, 28 29 to a nonprofit charitable corporation or association exempt from 30 taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue code of 1986 for use consistent with the purpose or purposes entitling 31 32 it to such exemption; nothing in this section prevents a domestic 33 brewery or microbrewery from serving beer without charge, on the brewery premises and at other locations subject to section 2 of this 34 35 act; nothing in this section prevents donations of wine for the 36 purposes of RCW 66.12.180; nothing in this section prevents a domestic 37 winery from serving wine without charge, on the winery premises and at other locations subject to section 2 of this act; nothing in this 38

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section prevents a craft distillery from serving spirits without 1 2 charge, on the distillery premises subject to RCW 66.24.145 and at other locations subject to section 2 of this act; nothing in this 3 section prohibits spirits sampling under chapter 186, Laws of 2011; 4 ((and)) nothing in this section prevents a winery or microbrewery from 5 6 serving samples at a farmers market under section 1, chapter 62, Laws of 2011; and nothing in this section shall prevent a manufacturer from 7 serving spirits without charge, on the manufacturer premises subject to 8 9 RCW 66.24.150 and at other locations subject to section 2 of this act.

Sec. 5. RCW 66.28.040 and 2012 c 2 s 116 (Initiative Measure No. 1183) are each amended to read as follows:

Except as permitted by the board under RCW 66.20.010, no domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor may, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.305 prevents a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from furnishing samples of beer, wine, or spirituous liquor to authorized licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor control board, provided that the samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210; nothing in this section prevents a domestic brewery, microbrewery, domestic winery, distillery, certificate of approval holder, distributor from furnishing beer, wine, or spirituous liquor for instructional purposes under RCW 66.28.150; nothing in this section prevents a domestic winery, certificate of approval holder, distributor from furnishing wine without charge, subject to the taxes imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture which has been in existence for at least six months and that uses wine so furnished solely for such educational purposes or a domestic winery, or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW 66.24.140 or an accredited representative of a

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- distiller, manufacturer, importer, or distributor of spirituous liquor 1 2 licensed under RCW 66.24.310, from furnishing spirits without charge, to a nonprofit charitable corporation or association exempt from 3 4 taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue code of 1986 for use consistent with the purpose or purposes entitling 5 it to such exemption; nothing in this section prevents a domestic 6 brewery or microbrewery from serving beer without charge, on the 7 brewery premises and at other locations subject to section 2 of this 8 act; nothing in this section prevents donations of wine for the 9 purposes of RCW 66.12.180; nothing in this section prevents a domestic 10 winery from serving wine without charge, on the winery premises and at 11 other locations subject to section 2 of this act; and nothing in this 12 13 section prevents a craft distillery from serving spirits without charge, on the distillery premises subject to RCW 66.24.145 and at 14 other locations subject to section 2 of this act. 15
- NEW SECTION. Sec. 6. Section 4 of this act expires December 1, 2012.
- NEW SECTION. Sec. 7. Section 5 of this act takes effect December 1, 2012.

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