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## SENATE BILL 6159

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State of Washington 63rd

63rd Legislature

2014 Regular Session

By Senator Conway; by request of Liquor Control Board

Read first time 01/16/14. Referred to Committee on Commerce & Labor.

- 1 AN ACT Relating to the regulation of alcoholic beverages; amending
- 2 RCW 66.12.110, 66.12.120, 66.12.240, 66.20.010, 66.20.170, 66.20.180,
- 3 66.20.190, 66.20.200, 66.20.210, 66.24.210, 66.28.030, 66.28.035,
- 4 66.28.040, and 66.44.350; and repealing RCW 66.24.440.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 66.12.110 and 2012 c 117 s 272 are each amended to 7 read as follows:
- A person twenty-one years of age or over may bring into the state from without the United States, free of tax and markup, for his or her personal or household use such alcoholic beverages as have been declared and permitted to enter the United States duty free under
- 12 federal law.
- 13 Such entry of alcoholic beverages in excess of that herein provided
- 14 may be authorized by the board upon payment of an equivalent ((markup
- 15 and)) tax as would be applicable to the purchase of the same or similar
- 16 liquor at retail ((from a Washington state liquor store)). The board
- 17 shall adopt appropriate regulations pursuant to chapter 34.05 RCW for
- 18 the purpose of carrying out the provisions of this section. The board
- 19 may issue a spirits, beer, and wine private club license to a

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charitable or nonprofit corporation of the state of Washington, the majority of the officers and directors of which are United States citizens and the minority of the officers and directors of which are citizens of the Dominion of Canada, and where the location of the premises for such spirits, beer, and wine private club license is not more than ten miles south of the border between the United States and the province of British Columbia.

8 Sec. 2. RCW 66.12.120 and 1995 c 100 s 1 are each amended to read 9 as follows:

10 Notwithstanding any other provision of Title 66 RCW, a person 11 twenty-one years of age or over may, free of tax ((and markup)), for 12 personal or household use, bring into the state of Washington from 13 another state no more than once per calendar month up to two liters of 14 spirits or wine or two hundred eighty-eight ounces Additionally, such person may be authorized by the board to bring into 15 16 the state of Washington from another state a reasonable amount of alcoholic beverages in excess of that provided in this section for 17 18 personal or household use only upon payment of an equivalent ((markup and)) tax as would be applicable to the purchase of the same or similar 19 20 liquor at retail ((from a state liquor store)). The board shall adopt 21 appropriate regulations pursuant to chapter 34.05 RCW for the purpose 22 of carrying into effect the provisions of this section.

- **Sec. 3.** RCW 66.12.240 and 2009 c 361 s 1 are each amended to read as follows:
- 25 (1) Nothing in this title applies to or prevents a wedding boutique 26 or art gallery from offering or supplying without charge wine or beer 27 by the individual glass to a customer for consumption on the premises. 28 However, the customer must be at least twenty-one years of age and may 29 only be offered one glass of wine or beer, and wine or beer served or 30 consumed shall be purchased from a Washington state licensed retailer ((or a Washington state liquor store or agency)) at full retail price. 31 A wedding boutique or art gallery offering wine or beer without charge 32 33 may not advertise the service of complimentary wine or beer and may not 34 sell wine or beer in any manner. Any employee involved in the service 35 of wine or beer must complete a board-approved limited alcohol server 36 training program.

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(2) For the purposes of this section:

- 2 (a) "Art gallery" means a room or building devoted to the 3 exhibition and/or sale of the works of art.
  - (b) "Wedding boutique" means a business primarily engaged in the sale of wedding merchandise.

## **Sec. 4.** RCW 66.20.010 and 2013 c 59 s 1 are each amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee must issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

- (1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanitorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);
- (2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);
- (3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;
- (4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

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(5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;

- (6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);
- (7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation;
- (8) Where the application is for a special permit by a vendor that manufactures or sells a product which cannot be effectively presented to potential buyers without serving it with liquor or by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;
- (9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

(10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a liquor spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

- (11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests;
- (12) Where the application is for a special permit to allow tasting of alcohol by persons at least eighteen years of age under the following circumstances:
- (a) The application is from a community or technical college as defined in RCW 28B.50.030;
  - (b) The person who is permitted to taste under this subsection is enrolled as a student in a required or elective class that is part of a culinary, wine technology, beer technology, or spirituous technology-related degree program;
  - (c) The alcohol served to any person in the degree-related programs under (b) of this subsection is tasted but not consumed for the purposes of educational training as part of the class curriculum with the approval of the educational provider;
- (d) The service and tasting of alcoholic beverages is supervised by a faculty or staff member of the educational provider who is twenty-one years of age or older. The supervising faculty or staff member shall possess a class 12 or 13 alcohol server permit under the provisions of RCW 66.20.310;
- (e) The enrolled student permitted to taste the alcoholic beveragesdoes not purchase the alcoholic beverages; and

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1 (f) The permit fee for the special permit provided for in this 2 subsection (12) shall be waived by the board.

Sec. 5. RCW 66.20.170 and 1973 1st ex.s. c 209 s 5 are each amended to read as follows:

A card of identification may for the purpose of this title and for the purpose of procuring liquor, be accepted as an identification card by any licensee ((or store employee)) and as evidence of legal age of the person presenting such card, provided the licensee ((or store employee)) complies with the conditions and procedures prescribed herein and such regulations as may be made by the board.

**Sec. 6.** RCW 66.20.180 and 2005 c 151 s 9 are each amended to read 12 as follows:

A card of identification shall be presented by the holder thereof upon request of any licensee, ((store employee, contract liquor store manager, contract liquor store employee,)) peace officer, or enforcement officer of the board for the purpose of aiding the licensee, ((store employee, contract liquor store manager, contract liquor store employee,)) peace officer, or enforcement officer of the board to determine whether or not such person is of legal age to purchase liquor when such person desires to procure liquor from a licensed establishment ((or state liquor store or contract liquor store)).

**Sec. 7.** RCW 66.20.190 and 2012 c 117 s 280 are each amended to 24 read as follows:

In addition to the presentation by the holder and verification by the licensee ((or store employee)) of such card of identification, the licensee ((or store employee)) who is still in doubt about the true age of the holder shall require the person whose age may be in question to sign a certification card and record an accurate description and serial number of his or her card of identification thereon. Such statement shall be upon a five-inch by eight-inch file card, which card shall be filed alphabetically by the licensee ((or store employee)) at or before the close of business on the day on which the statement is executed, in the file box containing a suitable alphabetical index and the card shall be subject to examination by any peace officer or agent or

- employee of the board at all times. The certification card shall also contain in bold-face type a statement stating that the signer understands that conviction for unlawful purchase of alcoholic beverages or misuse of the certification card may result in criminal penalties including imprisonment or fine or both.
- **Sec. 8.** RCW 66.20.200 and 2003 c 53 s 295 are each amended to read 7 as follows:

- (1) It shall be unlawful for the owner of a card of identification to transfer the card to any other person for the purpose of aiding such person to procure alcoholic beverages from any licensee ((or store employee)). Any person who shall permit his or her card of identification to be used by another or transfer such card to another for the purpose of aiding such transferee to obtain alcoholic beverages from a licensee ((or store employee)) or gain admission to a premises or portion of a premises classified by the board as off-limits to persons under twenty-one years of age, shall be guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars shall be imposed and any sentence requiring community restitution shall require not fewer than twenty-five hours of community restitution.
- (2) Any person not entitled thereto who unlawfully procures or has issued or transferred to him or her a card of identification, and any person who possesses a card of identification not issued to him or her, and any person who makes any false statement on any certification card required by RCW 66.20.190, to be signed by him or her, shall be guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars shall be imposed and any sentence requiring community restitution shall require not fewer than twenty-five hours of community restitution.
- Sec. 9. RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each amended to read as follows:
- No licensee or the agent or employee of the licensee((, or store employee,)) shall be prosecuted criminally or be sued in any civil action for serving liquor to a person under legal age to purchase liquor if such person has presented a card of identification in

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accordance with RCW 66.20.180, and has signed a certification card as provided in RCW 66.20.190.

Such card in the possession of a licensee may be offered as a defense in any hearing held by the board for serving liquor to the person who signed the card and may be considered by the board as evidence that the licensee acted in good faith.

- **Sec. 10.** RCW 66.24.210 and 2012 c 20 s 2 are each amended to read 8 as follows:
  - (1) There is hereby imposed upon all wines except cider sold to wine distributors ((and the Washington state liquor control board,)) within the state a tax at the rate of twenty and one-fourth cents per liter. Any domestic winery or certificate of approval holder acting as a distributor of its own production shall pay taxes imposed by this section. There is hereby imposed on all cider sold to wine distributors ((and the Washington state liquor control board)) within the state a tax at the rate of three and fifty-nine one-hundredths cents per liter. However, wine sold or shipped in bulk from one winery to another winery shall not be subject to such tax.
  - (a) The tax provided for in this section shall be collected by direct payments based on wine purchased by wine distributors.
  - (b) Except as provided in subsection (7) of this section, every person purchasing wine under the provisions of this section shall on or before the twentieth day of each month report to the board all purchases during the preceding calendar month in such manner and upon such forms as may be prescribed by the board, and with such report shall pay the tax due from the purchases covered by such report unless the same has previously been paid. Any such purchaser of wine whose applicable tax payment is not postmarked by the twentieth day following the month of purchase will be assessed a penalty at the rate of two percent a month or fraction thereof. The board may require that every such person shall execute to and file with the board a bond to be approved by the board, in such amount as the board may fix, securing the payment of the tax. If any such person fails to pay the tax when due, the board may forthwith suspend or cancel the license until all taxes are paid.
  - (c) Any licensed retailer authorized to purchase wine from a certificate of approval holder with a direct shipment endorsement or a

domestic winery shall make monthly reports to the liquor control board on wine purchased during the preceding calendar month in the manner and upon such forms as may be prescribed by the board.

- (2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section. All revenues collected during any month from this additional tax shall be transferred to the state general fund by the twenty-fifth day of the following month.
- (3) An additional tax is imposed on wines subject to tax under subsection (1) of this section, at the rate of one-fourth of one cent per liter for wine sold after June 30, 1987. After June 30, 1996, such additional tax does not apply to cider. An additional tax of five one-hundredths of one cent per liter is imposed on cider sold after June 30, 1996. All revenues collected under this subsection (3) shall be disbursed quarterly to the Washington wine commission for use in carrying out the purposes of chapter 15.88 RCW.
- (4) An additional tax is imposed on all wine subject to tax under subsection (1) of this section. The additional tax is equal to twenty-three and forty-four one-hundredths cents per liter on fortified wine as defined in RCW 66.04.010 when bottled or packaged by the manufacturer, one cent per liter on all other wine except cider, and eighteen one-hundredths of one cent per liter on cider. All revenues collected during any month from this additional tax shall be deposited in the state general fund by the twenty-fifth day of the following month.
- (5)(a) An additional tax is imposed on all cider subject to tax under subsection (1) of this section. The additional tax is equal to two and four one-hundredths cents per liter of cider sold after June 30, 1996, and before July 1, 1997, and is equal to four and seven one-hundredths cents per liter of cider sold after June 30, 1997.
- (b) All revenues collected from the additional tax imposed under this subsection (5) shall be deposited in the state general fund.
- (6) For the purposes of this section, "cider" means table wine that contains not less than one-half of one percent of alcohol by volume and not more than seven percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. "Cider" includes, but is not limited to, flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must.

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(7) For the purposes of this section, out-of-state wineries shall pay taxes under this section on wine sold and shipped directly to Washington state residents in a manner consistent with the requirements of a wine distributor under subsections (1) through (4) of this section, except wineries shall be responsible for the tax and not the resident purchaser.

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(8) Notwithstanding any other provision of this section, any domestic winery or wine certificate of approval holder acting as a distributor of its own production that had total taxable sales of wine in Washington state of six thousand gallons or less during the calendar year preceding the date on which the tax would otherwise be due is not required to pay taxes under this section more often than annually.

## 13 **Sec. 11.** RCW 66.28.030 and 2012 c 2 s 113 are each amended to read 14 as follows:

Every domestic distillery, brewery, and microbrewery, domestic winery, certificate of approval holder, licensed ((liquor)) spirits importer, licensed wine importer, and licensed beer importer is responsible for the conduct of any licensed spirits, beer, or wine distributor in selling, or contracting to sell, to retail licensees, spirits, beer, or wine manufactured by such domestic distillery, brewery, microbrewery, domestic winery, manufacturer holding a certificate of approval, sold by an authorized representative holding a certificate of approval, or imported by such ((liquor)) spirits, beer, or wine importer. Where the board finds that any licensed spirits, beer, or wine distributor has violated any of the provisions of this title or of the regulations of the board in selling or contracting to sell spirits, beer, or wine to retail licensees, the board may, in addition to any punishment inflicted or imposed upon such distributor, prohibit the sale of the brand or brands of spirits, beer, or wine involved in such violation to any or all retail licensees within the trade territory usually served by such distributor for such period of time as the board may fix, irrespective of whether the distiller manufacturing such spirits or the ((liquor)) spirits importer importing such spirits, brewer manufacturing such beer or the beer importer importing such beer, or the domestic winery manufacturing such wine or the wine importer importing such wine or the certificate of

- approval holder manufacturing such spirits, beer, or wine or acting as authorized representative actually participated in such violation.
- 3 **Sec. 12.** RCW 66.28.035 and 2012 c 39 s 7 are each amended to read 4 as follows:

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- (1) By the ((15th)) 20th day of each month, all spirits certificate of approval holders must file with the board, in a form and manner required by the board, a report of all spirits delivered to purchasers in this state during the preceding month ((along with a copy)). Copies of the invoices for all such purchases or other information required by the board that would disclose the identity of the purchasers must be made available upon request.
- (2) A spirits certificate of approval holder may not ship or cause to be transported into this state any spirits unless the purchaser to whom the spirits are to be delivered is:
- 15 (a) Licensed by the board to sell spirits in this state, and the license is in good standing; or
  - (b) Otherwise legally authorized to sell spirits in this state.
- 18 (3) The liquor control board must maintain on its web site a list 19 of all purchasers that meet the conditions of subsection (2) of this 20 section.
- 21 (4) A violation of this section is grounds for suspension of a 22 spirits certificate of approval license in accordance with RCW 23 66.08.150, in addition to any punishment as may be authorized by RCW 24 66.28.030.
- 25 **Sec. 13.** RCW 66.28.040 and 2012 c 2 s 116 are each amended to read 26 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

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samples are subject to taxes imposed by RCW 82.08.150, 66.24.290, and 1 2 66.24.210; nothing in this section prevents a domestic brewery, 3 microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor 4 for instructional purposes under RCW 66.28.150; nothing in this section 5 prevents a domestic winery, certificate of approval holder, or 6 7 distributor from furnishing wine without charge, subject to the taxes 8 imposed by RCW 66.24.210, to a not-for-profit group organized and 9 operated solely for the purpose of enology or the study of viticulture 10 which has been in existence for at least six months and that uses wine 11 so furnished solely for such educational purposes or a domestic winery, 12 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 13 14 approval holder, from furnishing beer without charge, subject to the 15 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 16 distiller, manufacturer, importer, or distributor of spirituous liquor 17 licensed under RCW 66.24.310, from furnishing spirits without charge, 18 19 subject to the taxes imposed by RCW 82.08.150, to a nonprofit 20 charitable corporation or association exempt from taxation under 26 21 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue code of 1986 for 22 use consistent with the purpose or purposes entitling it to such 23 exemption; nothing in this section prevents a domestic brewery or 24 microbrewery from serving beer without charge, on the brewery premises; 25 nothing in this section prevents donations of wine for the purposes of 26 RCW 66.12.180; nothing in this section prevents a domestic winery from 27 serving wine without charge, on the winery premises; and nothing in 28 this section prevents a craft distillery from serving spirits without 29 charge, on the distillery premises subject to RCW 66.24.145.

30 **Sec. 14.** RCW 66.44.350 and 1999 c 281 s 12 are each amended to 31 read as follows:

Notwithstanding provisions of RCW 66.44.310, employees of businesses holding beer and/or wine restaurant; beer and/or wine private club; snack bar; spirits, beer, and wine restaurant; spirits, beer, and wine private club; and sports entertainment facility licenses who are ((licensees)) between eighteen and twenty-one years of age ((and over)) may take orders for, serve and sell liquor in any part of

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the licensed premises except cocktail lounges, bars, or other areas 1 2 classified by the Washington state liquor control board as off-limits to persons under twenty-one years of age: PROVIDED, That such 3 employees may enter such restricted areas to perform work assignments 4 including picking up liquor for service in other parts of the licensed 5 premises, performing clean-up work, setting up and arranging tables, 6 7 delivering supplies, delivering messages, serving food, and seating 8 patrons: PROVIDED FURTHER, That such employees shall remain in the areas off-limits to minors no longer than is necessary to carry out 9 10 their aforementioned duties: PROVIDED FURTHER, That such employees 11 shall not be permitted to perform activities or functions of a 12 bartender.

NEW SECTION. Sec. 15. RCW 66.24.440 (Liquor by the drink, spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, sports entertainment facility, and VIP airport lounge license--Purchase of liquor by licensees--Discount) and 2011 c 325 s 3, 2009 c 271 s 8, 2007 c 370 s 20, 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5 are each repealed.

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