

E2SSB 5353 - H COMM AMD

By Committee on Commerce & Gaming

ADOPTED 4/14/2015

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 66.24.140 and 2014 c 92 s 4 are each amended to  
4 read as follows:

5 (1) There (~~shall be~~) is a license to distillers, including  
6 blending, rectifying, and bottling; fee two thousand dollars per  
7 annum, unless provided otherwise as follows:

8 (a) For distillers producing one hundred fifty thousand gallons  
9 or less of spirits with at least half of the raw materials used in  
10 the production grown in Washington, the license fee must be reduced  
11 to one hundred dollars per annum;

12 (b) The board must license stills used and to be used solely and  
13 only by a commercial chemist for laboratory purposes, and not for the  
14 manufacture of liquor for sale, at a fee of twenty dollars per annum;

15 (c) The board must license stills used and to be used solely and  
16 only for laboratory purposes in any school, college, or educational  
17 institution in the state, without fee; and

18 (d) The board must license stills that have been duly licensed as  
19 fruit and/or wine distilleries by the federal government, used and to  
20 be used solely as fruit and/or wine distilleries in the production of  
21 fruit brandy and wine spirits, at a fee of two hundred dollars per  
22 annum.

23 (2) Any distillery licensed under this section may:

24 (a) Sell spirits of its own production for consumption off the  
25 premises. A distillery selling spirits under this subsection must  
26 comply with the applicable laws and rules relating to retailers;

27 (b) Contract distilled spirits for, and sell contract distilled  
28 spirits to, holders of distillers' or manufacturers' licenses,  
29 including licenses issued under RCW 66.24.520, or for export; and

30 (c) Provide free or for a charge one-half ounce or less samples  
31 of spirits of its own production to persons on the premises of the  
32 distillery. The maximum total per person per day is two ounces. Every  
33 person who participates in any manner in the service of samples must

1 obtain a class 12 alcohol server permit. Spirits samples may be  
2 adulterated with nonalcoholic mixers, water, and/or ice.

3 **Sec. 2.** RCW 66.24.145 and 2014 c 92 s 1 are each amended to read  
4 as follows:

5 (1)(a) Any craft distillery may sell spirits of its own  
6 production for consumption off the premises.

7 (b) A craft distillery selling spirits under this subsection must  
8 comply with the applicable laws and rules relating to retailers.

9 (2) Any craft distillery may contract distilled spirits for, and  
10 sell contract distilled spirits to, holders of distillers' or  
11 manufacturers' licenses, including licenses issued under RCW  
12 66.24.520, or for export.

13 (3) Any craft distillery licensed under this section may provide,  
14 free or for a charge, one-half ounce or less samples of spirits of  
15 its own production to persons on the premises of the distillery. The  
16 maximum total per person per day is two ounces. Every person who  
17 participates in any manner in the service of samples must obtain a  
18 class 12 alcohol server permit. Spirits samples may be adulterated  
19 with nonalcoholic mixers, water, and/or ice.

20 (4)(a) A distillery or craft distillery licensee may apply to the  
21 board for an endorsement to sell spirits of its own production at  
22 retail for off-premises consumption at a qualifying farmers market.  
23 The annual fee for this endorsement is seventy-five dollars.

24 (b) For each month during which a distillery or craft distillery  
25 will sell spirits at a qualifying farmers market, the distillery or  
26 craft distillery must provide the board or its designee a list of the  
27 dates, times, and locations at which bottled spirits may be offered  
28 for sale. This list must be received by the board before the spirits  
29 may be offered for sale at a qualifying farmers market.

30 (c) Each approved location in a qualifying farmers market is  
31 deemed to be part of the distillery or craft distillery license for  
32 the purpose of this title. The approved locations under an  
33 endorsement granted under this subsection do not include tasting or  
34 sampling privileges. The distillery or craft distillery may not store  
35 spirits at a farmers market beyond the hours that the bottled spirits  
36 are offered for sale. The distillery or craft distillery may not act  
37 as a distributor from a farmers market location.

38 (d) Before a distillery or craft distillery may sell bottled  
39 spirits at a qualifying farmers market, the farmers market must apply

1 to the board for authorization for any distillery or craft distillery  
2 with an endorsement approved under this subsection to sell bottled  
3 spirits at retail at the farmers market. This application must  
4 include, at a minimum: (i) A map of the farmers market showing all  
5 booths, stalls, or other designated locations at which an approved  
6 distillery or craft distillery may sell bottled spirits; and (ii) the  
7 name and contact information for the on-site market managers who may  
8 be contacted by the board or its designee to verify the locations at  
9 which bottled spirits may be sold. Before authorizing a qualifying  
10 farmers market to allow an approved distillery or craft distillery to  
11 sell bottled spirits at retail at its farmers market location, the  
12 board must notify the persons or entities of such application for  
13 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization  
14 granted under this subsection (4)(d) may be withdrawn by the board  
15 for any violation of this title or any rules adopted under this  
16 title.

17 (e) For the purposes of this subsection (4), "qualifying farmers  
18 market" has the same meaning as defined in RCW 66.24.170.

19 (5) The board must adopt rules to implement the alcohol server  
20 permit requirement and may adopt additional rules to implement this  
21 section.

22 ((+5+)) (6) Distilling is an agricultural practice.

23 **Sec. 3.** RCW 66.20.010 and 2013 c 59 s 1 are each amended to read  
24 as follows:

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

32 (1) Where the application is for a special permit by a physician  
33 or dentist, or by any person in charge of an institution regularly  
34 conducted as a hospital or sanitorium for the care of persons in ill  
35 health, or as a home devoted exclusively to the care of aged people,  
36 a special liquor purchase permit, except that the governor may waive  
37 the requirement for a special liquor purchase permit under this  
38 subsection pursuant to an order issued under RCW 43.06.220(2);

1 (2) Where the application is for a special permit by a person  
2 engaged within the state in mechanical or manufacturing business or  
3 in scientific pursuits requiring alcohol for use therein, or by any  
4 private individual, a special permit to purchase alcohol for the  
5 purpose named in the permit, except that the governor may waive the  
6 requirement for a special liquor purchase permit under this  
7 subsection pursuant to an order issued under RCW 43.06.220(2);

8 (3) Where the application is for a special permit to consume  
9 liquor at a banquet, at a specified date and place, a special permit  
10 to purchase liquor for consumption at such banquet, to such  
11 applicants as may be fixed by the board;

12 (4) Where the application is for a special permit to consume  
13 liquor on the premises of a business not licensed under this title, a  
14 special permit to purchase liquor for consumption thereon for such  
15 periods of time and to such applicants as may be fixed by the board;

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

20 (6) Where the application is for a special permit by a person  
21 operating a drug store to purchase liquor at retail prices only, to  
22 be thereafter sold by such person on the prescription of a physician,  
23 a special liquor purchase permit, except that the governor may waive  
24 the requirement for a special liquor purchase permit under this  
25 subsection pursuant to an order issued under RCW 43.06.220(2);

26 (7) Where the application is for a special permit by an  
27 authorized representative of a military installation operated by or  
28 for any of the armed forces within the geographical boundaries of the  
29 state of Washington, a special permit to purchase liquor for use on  
30 such military installation;

31 (8) Where the application is for a special permit by a vendor  
32 that manufactures or sells a product which cannot be effectively  
33 presented to potential buyers without serving it with liquor or by a  
34 manufacturer, importer, or distributor, or representative thereof, to  
35 serve liquor without charge to delegates and guests at a convention  
36 of a trade association composed of licensees of the board, when the  
37 said liquor is served in a hospitality room or from a booth in a  
38 board-approved suppliers' display room at the convention, and when  
39 the liquor so served is for consumption in the said hospitality room  
40 or display room during the convention, anything in this title to the

1 contrary notwithstanding. Any such spirituous liquor must be  
2 purchased from a spirits retailer or distributor, and any such liquor  
3 is subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

4 (9) Where the application is for a special permit by a  
5 manufacturer, importer, or distributor, or representative thereof, to  
6 donate liquor for a reception, breakfast, luncheon, or dinner for  
7 delegates and guests at a convention of a trade association composed  
8 of licensees of the board, when the liquor so donated is for  
9 consumption at the said reception, breakfast, luncheon, or dinner  
10 during the convention, anything in this title to the contrary  
11 notwithstanding. Any such spirituous liquor must be purchased from a  
12 spirits retailer or distributor, and any such liquor is subject to  
13 the taxes imposed by RCW 66.24.290 and 66.24.210;

14 (10) Where the application is for a special permit by a  
15 manufacturer, importer, or distributor, or representative thereof, to  
16 donate and/or serve liquor without charge to delegates and guests at  
17 an international trade fair, show, or exposition held under the  
18 auspices of a federal, state, or local governmental entity or  
19 organized and promoted by a nonprofit organization, anything in this  
20 title to the contrary notwithstanding. Any such spirituous liquor  
21 must be purchased from a liquor spirits retailer or distributor, and  
22 any such liquor is subject to the taxes imposed by RCW 66.24.290 and  
23 66.24.210;

24 (11) Where the application is for an annual special permit by a  
25 person operating a bed and breakfast lodging facility to donate or  
26 serve wine or beer without charge to overnight guests of the facility  
27 if the wine or beer is for consumption on the premises of the  
28 facility. "Bed and breakfast lodging facility," as used in this  
29 subsection, means a facility offering from one to eight lodging units  
30 and breakfast to travelers and guests;

31 (12) Where the application is for a special permit to allow  
32 tasting of alcohol by persons at least eighteen years of age under  
33 the following circumstances:

34 (a) The application is from a community or technical college as  
35 defined in RCW 28B.50.030;

36 (b) The person who is permitted to taste under this subsection is  
37 enrolled as a student in a required or elective class that is part of  
38 a culinary, wine technology, beer technology, or spirituous  
39 technology-related degree program;

1 (c) The alcohol served to any person in the degree-related  
2 programs under (b) of this subsection is tasted but not consumed for  
3 the purposes of educational training as part of the class curriculum  
4 with the approval of the educational provider;

5 (d) The service and tasting of alcoholic beverages is supervised  
6 by a faculty or staff member of the educational provider who is  
7 twenty-one years of age or older. The supervising faculty or staff  
8 member shall possess a class 12 or 13 alcohol server permit under the  
9 provisions of RCW 66.20.310;

10 (e) The enrolled student permitted to taste the alcoholic  
11 beverages does not purchase the alcoholic beverages; and

12 (f) The permit fee for the special permit provided for in this  
13 subsection (12) (~~shall~~) must be waived by the board;

14 (13) Where the application is for a special permit by a  
15 distillery or craft distillery for an event not open to the general  
16 public to be held or conducted at a specific place, including at the  
17 licensed premise of the applying distillery or craft distillery, upon  
18 a specific date for the purpose of tasting and selling spirits of its  
19 own production. The distillery or craft distillery must obtain a  
20 permit for a fee of ten dollars per event. An application for the  
21 permit must be submitted for private banquet permits prior to the  
22 event and, once issued, must be posted in a conspicuous place at the  
23 premises for which the permit was issued during all times the permit  
24 is in use. No licensee may receive more than twelve permits under  
25 this subsection (13) each year.

26 NEW SECTION. Sec. 4. A new section is added to chapter 66.20  
27 RCW to read as follows:

28 (1) The holder of a license to operate a distillery or craft  
29 distillery issued under RCW 66.24.140 or 66.24.145 may accept orders  
30 for spirits from, and deliver spirits to, customers if all of the  
31 following conditions are met for each sale:

32 (a) Spirits are not used for resale;

33 (b) Spirits come directly from the distillery's or craft  
34 distillery's possession prior to shipment or delivery. All  
35 transactions are to be treated as if they were conducted in the  
36 retail location of the distillery or craft distillery regardless of  
37 how they are received or processed;

38 (c) Spirits may be ordered in person at a licensed location, by  
39 mail, telephone, or internet, or by other similar methods; and

1 (d) Only a distillery or craft distillery licensee or a  
2 licensee's direct employees may accept and process orders and  
3 payments. A contractor may not do so on behalf of a distillery or  
4 craft distillery licensee, except for transmittal of payment through  
5 a third-party service. A third-party service may not solicit customer  
6 business on behalf of a distillery or craft distillery licensee.

7 (2) All orders and payments must be fully processed before  
8 spirits transfers ownership or, in the case of delivery, leaves a  
9 licensed distillery's or craft distillery's possession.

10 (3) Payment methods include, but are not limited to: Cash, credit  
11 or debit card, check or money order, electronic funds transfer, or an  
12 existing prepaid account. An existing prepaid account may not have a  
13 negative balance.

14 (4) To sell spirits via the internet, a new distillery or craft  
15 distillery license applicant must request internet-sales privileges  
16 in his or her application. An existing distillery or craft distillery  
17 licensee must notify the board prior to beginning internet sales. A  
18 corporate entity representing multiple licensees may notify the board  
19 in a single letter on behalf of affiliated distillery or craft  
20 distillery licensees, as long as the liquor license numbers of all  
21 licensee locations utilizing internet sales privileges are clearly  
22 identified.

23 (5) Delivery may be made only to a residence or business that has  
24 an address recognized by the United States postal service; however,  
25 the board may grant an exception to this rule at its discretion. A  
26 residence includes a hotel room, a motel room, marina, or other  
27 similar lodging that temporarily serves as a residence.

28 (6) Spirits may be delivered each day of the week between the  
29 hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by  
30 2:00 a.m.

31 (7) Under chapter 66.44 RCW, any person under twenty-one years of  
32 age is prohibited from purchasing, delivering, or accepting delivery  
33 of liquor.

34 (a) A delivery person must verify the age of the person accepting  
35 delivery before handing over liquor.

36 (b) If no person twenty-one years of age or older is present to  
37 accept a liquor order at the time of delivery, the liquor must be  
38 returned.

39 (8) Delivery of liquor is prohibited to any person who shows  
40 signs of intoxication.

1 (9)(a) Individual units of spirits must be factory sealed in  
2 bottles. For the purposes of this subsection, "factory sealed" means  
3 that a unit is in one hundred percent resalable condition, with all  
4 manufacturer's seals intact.

5 (b) The outermost surface of a liquor package, delivered by a  
6 third party, must have language stating that:

7 (i) The package contains liquor;

8 (ii) The recipient must be twenty-one years of age or older; and

9 (iii) Delivery to intoxicated persons is prohibited.

10 (10)(a) Records and files must be retained at the licensed  
11 premises. Each delivery sales record must include the following:

12 (i) Name of the purchaser;

13 (ii) Name of the person who accepts delivery;

14 (iii) Street addresses of the purchaser and the delivery  
15 location; and

16 (iv) Time and date of purchase and delivery.

17 (b) A private carrier must obtain the signature of the person who  
18 receives liquor upon delivery.

19 (c) A sales record does not have to include the name of the  
20 delivery person, but it is encouraged.

21 (11) Web site requirements. When selling over the internet, all  
22 web site pages associated with the sale of liquor must display the  
23 distillery or craft distillery licensee's registered trade name.

24 (12) A distillery or craft distillery licensee is accountable for  
25 all deliveries of liquor made on its behalf.

26 (13) The board may impose administrative enforcement action upon  
27 a licensee, or suspend or revoke a licensee's delivery privileges, or  
28 any combination thereof, should a licensee violate any condition,  
29 requirement, or restriction.

30 NEW SECTION. **Sec. 5.** A new section is added to chapter 66.24  
31 RCW to read as follows:

32 (1) Any licensee authorized to sell at retail under this chapter  
33 may sell gift certificates and gift cards intended to be exchanged  
34 for consumer goods or services, including liquor sold by the  
35 licensee. The licensee may also sell the gift certificates and gift  
36 cards to or through a third-party retailer for resale to the public.  
37 Gift certificates and gift cards may not be redeemed for alcohol by  
38 persons under the age of twenty-one.



1 (2) For the purposes of this section, "gift certificate" and  
2 "gift cards" have the same meaning as provided in RCW 19.240.010."

3 Correct the title.

EFFECT: Strikes section allowing farmers markets to seek an endorsement to allow spirits sampling. Limits special event permits to 12 per distillery per year. Expands application of gift cards and gift certificates to all goods and services sold by a licensee. Makes technical edits.

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