
HOUSE BILL 1976

State of Washington

64th Legislature

2015 Regular Session

By Representatives Vick, Blake, Hurst, and Tharinger

Read first time 02/04/15. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to marketing opportunities for spirits produced
2 in Washington by craft and general licensed distilleries; amending
3 RCW 66.24.140, 66.24.145, 66.24.175, and 66.20.010; and adding a new
4 section to chapter 66.20 RCW.

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

6 **Sec. 1.** RCW 66.24.140 and 2014 c 92 s 4 are each amended to read
7 as follows:

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

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

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

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

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

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

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

10 (b) Contract distilled spirits for, and sell contract distilled
11 spirits to, holders of distillers' or manufacturers' licenses,
12 including licenses issued under RCW 66.24.520, or for export; (~~and~~)

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

19 (d) Serve samples and sell spirits for consumption off the
20 premises, in their original containers, produced by other distillers
21 or craft distillers licensed in this state. The distillery or craft
22 distillery selling spirits under this subsection may purchase the
23 products directly from a licensed distributor or from the producer.
24 The sale of spirits produced by other craft distillers or distillers
25 may not be counted towards the production limits in subsection (1)(a)
26 of this section.

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

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

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

33 (c) Any craft distillery may serve samples and sell spirits for
34 consumption off the premises, in their original containers, produced
35 by other distillers or craft distillers licensed in this state. The
36 distillery or craft distillery selling spirits under this subsection
37 may purchase the products directly from a licensed distributor or
38 from the producer. The sale of spirits produced by other craft

1 distillers or distillers may not be counted towards the production
2 limits in RCW 66.24.140(1)(a).

3 (2) Any craft distillery may contract distilled spirits for, and
4 sell contract distilled spirits to, holders of distillers' or
5 manufacturers' licenses, including licenses issued under RCW
6 66.24.520, or for export.

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

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

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

24 (c) The spirits sold at qualifying farmers markets must be made
25 with at least half of the raw materials used in the production grown
26 in Washington.

27 (d) Each approved location in a qualifying farmers market is
28 deemed to be part of the distillery or craft distillery license for
29 the purpose of this title. The approved locations under an
30 endorsement granted under this subsection include tasting or sampling
31 privileges subject to the conditions pursuant to RCW 66.24.175. The
32 distillery or craft distillery may not store spirits at a farmers
33 market beyond the hours that the bottled spirits are offered for
34 sale. The distillery or craft distillery may not act as a distributor
35 from a farmers market location.

36 (e) Before a distillery or craft distillery may sell bottled
37 spirits at a qualifying farmers market, the farmers market must apply
38 to the board for authorization for any distillery or craft distillery
39 with an endorsement approved under this subsection to sell bottled
40 spirits at retail at the farmers market. This application must

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

14 (f) For the purposes of this subsection (4), "qualifying farmers
15 market" has the same meaning as defined in RCW 66.24.170.

16 (5) The board must adopt rules to implement the alcohol server
17 permit requirement and may adopt additional rules to implement this
18 section.

19 ((+5)) (6) Distilling is an agricultural practice.

20 **Sec. 3.** RCW 66.24.175 and 2014 c 105 s 2 are each amended to
21 read as follows:

22 (1) A qualifying farmers market authorized to allow wineries to
23 sell bottled wine at retail under RCW 66.24.170 ((~~or~~)),
24 microbreweries to sell bottled beer at retail under RCW 66.24.244,
25 ((~~or both~~)) distilleries to sell bottled spirits at retail under RCW
26 66.24.140, or craft distilleries to sell bottled spirits at retail
27 under RCW 66.24.145 may apply to the liquor control board for an
28 endorsement to allow sampling of wine ((~~or~~)), beer, or ((both))
29 spirits. A winery ((~~or~~)), microbrewery, distillery, or craft
30 distillery offering samples under this section must have an
31 endorsement from the board to sell wine ((~~or~~)), beer, or spirits, as
32 the case may be, of its own production at a qualifying farmers market
33 under RCW 66.24.170 ((~~or~~)), 66.24.244, 66.24.140, or 66.24.145,
34 respectively.

35 (2) Samples may be offered only under the following conditions:

36 (a) No more than three wineries ((~~or~~)), microbreweries,
37 distilleries, or craft distilleries combined may offer samples at a
38 qualifying farmers market per day.

1 (b) Samples of wine or beer must be two ounces or less. A winery
2 or microbrewery may provide a maximum of two ounces of wine or beer
3 to a customer per day. A distillery or craft distillery may provide
4 one-half ounce or less samples of spirits, with a maximum total per
5 person per day of two ounces.

6 (c) A winery ~~((or))~~, microbrewery, distillery, or craft
7 distillery may advertise that it offers samples only at its
8 designated booth, stall, or other designated location at the farmers
9 market.

10 (d) Customers must remain at the designated booth, stall, or
11 other designated location while sampling beer ~~((or))~~, wine, or
12 spirits.

13 (e) Winery ~~((and))~~, microbrewery, distillery, or craft distillery
14 licensees and employees who are involved in sampling activities under
15 this section must hold a class 12 or class 13 alcohol server permit.

16 (f) A winery or microbrewery must have food available for
17 customers to consume while sampling beer or wine, or must be adjacent
18 to a vendor offering prepared food.

19 (3) The board may establish additional requirements to ensure
20 that persons under twenty-one years of age and apparently intoxicated
21 persons may not possess or consume alcohol under the authority
22 granted in this section.

23 (4) The board may prohibit sampling at a farmers market that is
24 within the boundaries of an alcohol impact area recognized by
25 resolution of the board if the board finds that the sampling
26 activities at the farmers market have an adverse effect on the
27 reduction of chronic public inebriation in the area.

28 (5) If a winery ~~((or))~~, microbrewery, distillery, or craft
29 distillery is found to have committed a public safety violation in
30 conjunction with tasting activities, the board may suspend the
31 licensee's farmers market endorsement and not reissue the endorsement
32 for up to two years from the date of the violation. If mitigating
33 circumstances exist, the board may offer a monetary penalty in lieu
34 of suspension during a settlement conference.

35 (6) For the purposes of this section, a "qualifying farmers
36 market" has the same meaning as defined in RCW 66.24.170.

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

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

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

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

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

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

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

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

1 (7) Where the application is for a special permit by an
2 authorized representative of a military installation operated by or
3 for any of the armed forces within the geographical boundaries of the
4 state of Washington, a special permit to purchase liquor for use on
5 such military installation;

6 (8) Where the application is for a special permit by a vendor
7 that manufactures or sells a product which cannot be effectively
8 presented to potential buyers without serving it with liquor or by a
9 manufacturer, importer, or distributor, or representative thereof, to
10 serve liquor without charge to delegates and guests at a convention
11 of a trade association composed of licensees of the board, when the
12 said liquor is served in a hospitality room or from a booth in a
13 board-approved suppliers' display room at the convention, and when
14 the liquor so served is for consumption in the said hospitality room
15 or display room during the convention, anything in this title to the
16 contrary notwithstanding. Any such spirituous liquor must be
17 purchased from a spirits retailer or distributor, and any such liquor
18 is subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

19 (9) Where the application is for a special permit by a
20 manufacturer, importer, or distributor, or representative thereof, to
21 donate liquor for a reception, breakfast, luncheon, or dinner for
22 delegates and guests at a convention of a trade association composed
23 of licensees of the board, when the liquor so donated is for
24 consumption at the said reception, breakfast, luncheon, or dinner
25 during the convention, anything in this title to the contrary
26 notwithstanding. Any such spirituous liquor must be purchased from a
27 spirits retailer or distributor, and any such liquor is subject to
28 the taxes imposed by RCW 66.24.290 and 66.24.210;

29 (10) Where the application is for a special permit by a
30 manufacturer, importer, or distributor, or representative thereof, to
31 donate and/or serve liquor without charge to delegates and guests at
32 an international trade fair, show, or exposition held under the
33 auspices of a federal, state, or local governmental entity or
34 organized and promoted by a nonprofit organization, anything in this
35 title to the contrary notwithstanding. Any such spirituous liquor
36 must be purchased from a liquor spirits retailer or distributor, and
37 any such liquor is subject to the taxes imposed by RCW 66.24.290 and
38 66.24.210;

39 (11) Where the application is for an annual special permit by a
40 person operating a bed and breakfast lodging facility to donate or

1 serve wine or beer without charge to overnight guests of the facility
2 if the wine or beer is for consumption on the premises of the
3 facility. "Bed and breakfast lodging facility," as used in this
4 subsection, means a facility offering from one to eight lodging units
5 and breakfast to travelers and guests;

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

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

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

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

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

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

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

28 (13) Where the application is for a special permit by a
29 distillery or craft distillery for an event not open to the general
30 public to be held or conducted at a specific place upon a specific
31 date for the purpose of tasting and selling spirits of its own
32 production. The distillery or craft distillery must obtain a permit
33 online for a fee of ten dollars per event. An application for the
34 permit must be submitted at least ten days before the event and, once
35 issued, must be posted in a conspicuous place at the premises for
36 which the permit was issued during all times the permit is in use.

37 NEW SECTION. Sec. 5. A new section is added to chapter 66.20
38 RCW to read as follows:

1 (1) The holder of a license to operate a distillery or craft
2 distillery issued under RCW 66.24.140 or 66.24.145 may apply to the
3 board to deliver or ship its spirits to a person at an address within
4 the state of Washington if:

5 (a) The signature of the person who receives the spirits upon
6 delivery is obtained;

7 (b) Upon delivery, the age of the recipient is verified;

8 (c) A written verification is executed stating that the recipient
9 does not appear intoxicated at the time of delivery; and

10 (d) Written verification by the recipient is obtained that
11 attests that the spirits sold, delivered, and shipped are for that
12 person's personal use and not for retail sales, distribution, or
13 resale.

14 (2) An applicant for a spirits delivery and shipper's permit
15 under this section must:

16 (a) Operate a distillery or craft distillery in Washington;

17 (b) Certify that it holds all necessary state and federal
18 licenses and permits; and

19 (c) Be registered with the department of revenue under RCW
20 82.32.030.

21 (3) Holders of a spirits delivery and shipper's permit must
22 collect and remit to the department of revenue all applicable state
23 and local sales and use taxes imposed by or under the authority of
24 chapters 82.08, 82.12, and 82.14 RCW on all sales of spirits
25 delivered to buyers in this state. Sales, delivery, and shipment of
26 spirits under this section must be treated as though they were a
27 retail sale taking place in person in a craft distillery retail
28 tasting room for purposes of fees imposed by RCW 66.24.630(4) and
29 66.24.055(3).

30 (4) A spirits delivery and shipper's permit holder must clearly
31 label all outside shipping packages of spirits sent in this state to
32 indicate that the package cannot be delivered to a person under
33 twenty-one years of age or to an intoxicated person.

34 (5) A spirits delivery and shipper's permit holder must report to
35 the board, on or before the twentieth day of each month, all
36 deliveries or shipments of spirits made during the preceding calendar
37 month directly to Washington consumers under its permit. All reports
38 will be on forms prescribed by the board.

39 (6) A spirits delivery and shipper's permit holder who advertises
40 or offers spirits for direct delivery or shipment to customers within

1 this state must clearly and conspicuously display the licensee's
2 license number in its advertising.

3 (7) The permit and privilege to deliver and ship spirits directly
4 to Washington consumers under a spirits delivery and shipper's permit
5 must be suspended or revoked if the distillery or craft distillery
6 fails to comply with the provisions of this section.

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