

**SHB 2609 - H AMD 1084**

By Representative Tarleton

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

3 "Sec. 1. RCW 66.24.140 and 2017 c 260 s 1 are each amended to  
4 read as follows:

5 (1) There is a license to distillers, including blending,  
6 rectifying, and bottling; fee two thousand dollars per annum, unless  
7 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, for off-premises consumption, spirits of ((its)) the  
25 distillery's own production ((for consumption off the premises)),  
26 spirits produced by another distillery or craft distillery licensed  
27 in this state, or vermouth or sparkling wine products produced by a  
28 licensee in this state. A distillery selling spirits or other alcohol  
29 authorized under this subsection must comply with the applicable laws  
30 and rules relating to retailers;

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

4 (c) ~~((Provide samples subject to the following conditions:~~

5 ~~(i) For the purposes of this subsection, the maximum amount of~~  
6 ~~alcohol per person per day is two ounces;~~

7 ~~(ii) Provide free or for a charge one-half ounce or less samples~~  
8 ~~of spirits of its own production to persons on the premises of the~~  
9 ~~distillery. Spirits samples may be adulterated with nonalcoholic~~  
10 ~~mixers, mixers with alcohol of the distiller's own production, water,~~  
11 ~~and/or ice;~~

12 ~~(iii) Sell adulterated samples of spirits of their own~~  
13 ~~production, water, and/or ice to persons on the premises at the~~  
14 ~~distillery; and~~

15 ~~(iv) Every person who participates in any manner in the service~~  
16 ~~of these samples must obtain a class 12 alcohol server permit)) Serve~~

17 samples of spirits for free or for a charge, and sell servings of  
18 spirits, vermouth, and sparkling wine to customers for on-premises  
19 consumption, at the premises of the distillery and at the  
20 distillery's off-site tasting rooms in accordance with section 3 of  
21 this act, subject to the following conditions:

22 (i) A distillery may provide to customers, for free or for a  
23 charge, for on-premises consumption, spirits samples that are one-  
24 half ounce or less per sample of spirits, and that may be adulterated  
25 with water, ice, other alcohol entitled to be served or sold on the  
26 licensed premises under this section, or nonalcoholic mixers. A  
27 person receiving free samples of spirits is limited to receiving no  
28 more than a total of two ounces of free spirits and other free  
29 alcohol, combined, per day;

30 (ii) A distillery may sell, for on-premises consumption, servings  
31 of spirits of the distillery's own production or spirits produced by  
32 another distillery or craft distillery licensed in this state, which  
33 must be adulterated with water, ice, other alcohol entitled to be  
34 sold or served on the licensed premises, or nonalcoholic mixers; and

35 (iii) A distillery may sell, for on-premises consumption,  
36 servings of vermouth or sparkling wine products produced by a  
37 licensee in this state.

38 (3)(a) If a distillery provides or sells spirits or other alcohol  
39 products authorized to be sold or provided to customers for on-  
40 premises or off-premises consumption that are produced by another

1 distillery, craft distillery, or licensee in this state, then at any  
2 one time no more than twenty-five percent of the alcohol stock-  
3 keeping units offered or sold by the distillery at its distillery  
4 premises and at any off-site tasting rooms licensed under section 3  
5 of this act may be vermouth, sparkling wine, or spirits made by  
6 another distilled spirits producer or licensee.

7 (b) A person is limited to receiving or purchasing, for on-  
8 premises consumption, no more than two ounces total of spirits that  
9 are unadulterated. Any additional spirits purchased for on-premises  
10 consumption must be adulterated as authorized in this section.

11 (c) After 8:00 p.m., no person under twenty-one years of age may  
12 enter or remain on a distillery's premises in an area where alcohol  
13 is sampled, sold, or served, or on the premises of a distillery's  
14 off-site tasting room licensed under section 3 of this act.

15 (d) Any person serving or selling spirits or other alcohol  
16 authorized to be served or sold by a distillery must obtain a class  
17 12 alcohol server permit.

18 (e) A distillery may sell nonalcoholic products at retail.

19 **Sec. 2.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to  
20 read as follows:

21 (1)(a) Any craft distillery may sell, for off-premises  
22 consumption, spirits of its own production (~~for consumption off the~~  
23 ~~premises~~), spirits produced by another craft distillery or  
24 distillery licensed in this state, and vermouth and sparkling wine  
25 products produced by a licensee in this state.

26 (b) A craft distillery selling spirits or other alcohol  
27 authorized under this subsection must comply with the applicable laws  
28 and rules relating to retailers.

29 (2) Any craft distillery may contract distilled spirits for, and  
30 sell contract distilled spirits to, holders of distillers' or  
31 manufacturers' licenses, including licenses issued under RCW  
32 66.24.520, or for export.

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

1       ~~(4))~~ serve samples of spirits for free or for a charge, and sell  
2 servings of spirits, vermouth, and sparkling wine products to  
3 customers for on-premises consumption, at the premises of the  
4 distillery and at the distillery's off-site tasting rooms, subject to  
5 the following conditions:

6       (a) A craft distillery may provide to customers, for free or for  
7 a charge, for on-premises consumption, spirits samples that are one-  
8 half ounce or less per sample of spirits, and that may be adulterated  
9 with water, ice, other alcohol entitled to be sold or served on the  
10 licensed premises, or nonalcoholic mixers. A person receiving free  
11 samples of spirits is limited to receiving no more than a total of  
12 two ounces of free spirits and other free alcohol, combined, per day;

13       (b) A craft distillery may sell, for on-premises consumption,  
14 servings of spirits of the craft distillery's own production and  
15 spirits produced by another craft distillery or distillery licensed  
16 in this state, which must be adulterated with water, ice, other  
17 alcohol entitled to be sold or served on the licensed premises, or  
18 nonalcoholic mixers; and

19       (c) A distillery may sell, for on-premises consumption, servings  
20 of vermouth or sparkling wine products produced by a licensee in this  
21 state.

22       (4)(a) If a craft distillery provides or sells spirits or other  
23 alcohol products authorized to be sold or provided to customers for  
24 on-premises or off-premises consumption that are produced by another  
25 distillery, craft distillery, or licensee in this state, then at any  
26 one time no more than twenty-five percent of the alcohol stock-  
27 keeping units offered or sold by the craft distillery at its craft  
28 distillery premises and at any off-site tasting rooms licensed under  
29 section 3 of this act may be vermouth, sparkling wine, or spirits  
30 made by another distilled spirits producer or licensee.

31       (b) A person is limited to receiving or purchasing, for on-  
32 premises consumption, no more than two ounces total of spirits that  
33 are unadulterated. Any additional spirits purchased for on-premises  
34 consumption must be adulterated.

35       (c) Any person serving or selling spirits or other alcohol  
36 authorized to be served or sold by a craft distillery must obtain a  
37 class 12 alcohol server permit.

38       (5)(a) A distillery or craft distillery licensee may apply to the  
39 board for an endorsement to sell spirits of its own production at

1 retail for off-premises consumption at a qualifying farmers market.  
2 The annual fee for this endorsement is seventy-five dollars.

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

9 (c) Each approved location in a qualifying farmers market is  
10 deemed to be part of the distillery or craft distillery license for  
11 the purpose of this title. The approved locations under an  
12 endorsement granted under this subsection do not include tasting or  
13 sampling privileges. The distillery or craft distillery may not store  
14 spirits at a farmers market beyond the hours that the bottled spirits  
15 are offered for sale. The distillery or craft distillery may not act  
16 as a distributor from a farmers market location.

17 (d) Before a distillery or craft distillery may sell bottled  
18 spirits at a qualifying farmers market, the farmers market must apply  
19 to the board for authorization for any distillery or craft distillery  
20 with an endorsement approved under this subsection to sell bottled  
21 spirits at retail at the farmers market. This application must  
22 include, at a minimum: (i) A map of the farmers market showing all  
23 booths, stalls, or other designated locations at which an approved  
24 distillery or craft distillery may sell bottled spirits; and (ii) the  
25 name and contact information for the on-site market managers who may  
26 be contacted by the board or its designee to verify the locations at  
27 which bottled spirits may be sold. Before authorizing a qualifying  
28 farmers market to allow an approved distillery or craft distillery to  
29 sell bottled spirits at retail at its farmers market location, the  
30 board must notify the persons or entities of such application for  
31 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization  
32 granted under this subsection (~~((+4))~~) (5)(d) may be withdrawn by the  
33 board for any violation of this title or any rules adopted under this  
34 title.

35 (e) For the purposes of this subsection (~~((+4))~~) (5), "qualifying  
36 farmers market" has the same meaning as defined in RCW 66.24.170.

37 (~~((+5))~~) (6) The board must adopt rules to implement the alcohol  
38 server permit requirement and may adopt additional rules to implement  
39 this section.

40 (~~((+6))~~) (7) Distilling is an agricultural practice.

1       (8) After 8:00 p.m., no person under twenty-one years of age may  
2 enter or remain on a craft distillery's premises in an area where  
3 alcohol is sampled, sold, or served, or on the premises of a craft  
4 distillery's off-site tasting room licensed under section 3 of this  
5 act.

6       (9) A craft distillery may sell nonalcoholic products at retail.

7       NEW SECTION. Sec. 3. A new section is added to chapter 66.24  
8 RCW to read as follows:

9       (1)(a) There is a tasting room license available to distillery  
10 and craft distillery licensees. A tasting room license authorizes the  
11 operation of an off-site tasting room at which the licensee may  
12 sample, serve, and sell spirits and alcohol products authorized to be  
13 sampled, served, and sold under RCW 66.24.140 and 66.24.145, for on-  
14 premises and off-premises consumption, subject to the same  
15 limitations as provided in RCW 66.24.140 and 66.24.145.

16       (b) A distillery or craft distillery licensee is eligible for no  
17 more than two tasting room licenses. A separate license is required  
18 for the operation of each off-site tasting room. The fee for the  
19 first off-site tasting room license is one hundred dollars per annum.  
20 The fee for the second off-site tasting room license is one thousand  
21 dollars per annum. No license is required for a distillery or craft  
22 distillery to sample, serve, and sell spirits and alcohol to  
23 customers on the distillery or craft distillery premises as  
24 authorized under RCW 66.24.140 and 66.24.145.

25       (2)(a) After 8:00 p.m., no person under twenty-one years of age  
26 may enter or remain on the premises of a tasting room licensed under  
27 this section.

28       (b) Any person serving or selling spirits or other alcohol  
29 authorized to be served or sold by a craft distillery must obtain a  
30 class 12 alcohol server permit.

31       NEW SECTION. Sec. 4. A new section is added to chapter 66.24  
32 RCW to read as follows:

33       (1) Of the off-site tasting rooms allowed in this chapter, any  
34 distillery, craft distillery, domestic winery, or any combination of  
35 licensees thereof, licensed under this chapter may jointly occupy and  
36 co-operate up to two off-site locations at which they may sample,  
37 serve, and sell products of their own production and products  
38 authorized to be sampled, served, and sold under the terms of their

1 license. The licensees must maintain separate storage of products and  
2 separate financials.

3 (2) Any domestic brewery, microbrewery, domestic winery,  
4 distillery, or craft distillery licensed under this chapter, or any  
5 combination of licensees thereof, whose property parcels or buildings  
6 are located in direct physical proximity to one another may share a  
7 standing or seated tasting area for patrons to use. Each licensee may  
8 sample, serve, and sell products the licensee is authorized to  
9 sample, serve, and sell under the terms of its license, for on-  
10 premises consumption in the jointly operated consumption area.

11 (3) Licensees operating under this section must comply with the  
12 applicable laws and rules relating to retailers.

13 (4) Licensees operating under this section must comply with all  
14 applicable laws and rules relating to sampling and serving, as may be  
15 allowed by their license type.

16 (5) All licensees who participate in:

17 (a) A jointly operated off-premises location allowed under  
18 subsection (1) of this section, or

19 (b) A conjoined consumption area allowed under subsection (2) of  
20 this section,  
21 must share staffing resources and each licensee is responsible in the  
22 event of any enforcement issues, even if the enforcement issue was  
23 due only to one licensee's conduct.

24 (6) Every person who participates in any manner in the sale or  
25 service of samples or servings of spirits must obtain a class 12  
26 alcohol server permit. Every person who participates in any manner in  
27 the sale or service of samples or servings of beer and wine must  
28 obtain a class 12 or class 13 alcohol server permit.

29 **Sec. 5.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
30 read as follows:

31 (1) Except as permitted by the board under RCW 66.20.010, no  
32 domestic brewery, microbrewery, distributor, distiller, domestic  
33 winery, importer, rectifier, certificate of approval holder, or other  
34 manufacturer of liquor may, within the state of Washington, give to  
35 any person any liquor(~~(+ but)~~).

36 (2) Nothing in this section nor in RCW 66.28.305 prevents a  
37 domestic brewery, microbrewery, distributor, domestic winery,  
38 distiller, certificate of approval holder, or importer from  
39 furnishing samples of beer, wine, or spirituous liquor to authorized

1 licensees for the purpose of negotiating a sale, in accordance with  
2 regulations adopted by the liquor and cannabis board, provided that  
3 the samples are subject to taxes imposed by RCW 66.24.290 and  
4 66.24.210((+)).

5 (3) Nothing in this section prevents a domestic brewery,  
6 microbrewery, domestic winery, distillery, certificate of approval  
7 holder, or distributor from furnishing beer, wine, or spirituous  
8 liquor for instructional purposes under RCW 66.28.150((+)).

9 (4) Nothing in this section prevents a domestic winery,  
10 certificate of approval holder, or distributor from furnishing wine  
11 without charge, subject to the taxes imposed by RCW 66.24.210, to a  
12 not-for-profit group organized and operated solely for the purpose of  
13 enology or the study of viticulture which has been in existence for  
14 at least six months and that uses wine so furnished solely for such  
15 educational purposes or a domestic winery, or an out-of-state  
16 certificate of approval holder, from furnishing wine without charge  
17 or a domestic brewery, or an out-of-state certificate of approval  
18 holder, from furnishing beer without charge, subject to the taxes  
19 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
20 licensed under RCW 66.24.140 or an accredited representative of a  
21 distiller, manufacturer, importer, or distributor of spirituous  
22 liquor licensed under RCW 66.24.310, from furnishing spirits without  
23 charge, to a nonprofit charitable corporation or association exempt  
24 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
25 revenue code of 1986 for use consistent with the purpose or purposes  
26 entitling it to such exemption((+)).

27 (5) Nothing in this section prevents a domestic brewery or  
28 microbrewery from serving beer without charge, on the brewery  
29 premises((+)).

30 (6) Nothing in this section prevents donations of wine for the  
31 purposes of RCW 66.12.180((+)).

32 (7) Nothing in this section prevents a domestic winery from  
33 serving wine without charge, on the winery premises((+and)).

34 (8) Nothing in this section prevents a craft distillery from  
35 serving spirits, ~~((on the distillery premises subject to RCW  
36 66.24.145))~~ including spirits adulterated with other alcohol entitled  
37 to be served or sold under RCW 66.24.140 or 66.24.145, to customers  
38 on the distillery premises or at an off-site tasting room as  
39 authorized under the terms of the license.



1       **Sec. 6.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read  
2 as follows:

3       (1) There is a spirits retail license to: Sell spirits in  
4 original containers to consumers for consumption off the licensed  
5 premises and to permit holders; sell spirits in original containers  
6 to retailers licensed to sell spirits for consumption on the  
7 premises, for resale at their licensed premises according to the  
8 terms of their licenses, although no single sale may exceed twenty-  
9 four liters, unless the sale is by a licensee that was a contract  
10 liquor store manager of a contract liquor store at the location of  
11 its spirits retail licensed premises from which it makes such sales;  
12 and export spirits.

13       (2) For the purposes of this title, a spirits retail license is a  
14 retail license, and a sale by a spirits retailer is a retail sale  
15 only if not for resale. Nothing in this title authorizes sales by on-  
16 sale licensees to other retail licensees. The board must establish by  
17 rule an obligation of on-sale spirits retailers to:

18       (a) Maintain a schedule by stock-keeping unit of all their  
19 purchases of spirits from spirits retail licensees, including  
20 combination spirits, beer, and wine licensees holding a license  
21 issued pursuant to RCW 66.24.035, indicating the identity of the  
22 seller and the quantities purchased; and

23       (b) Provide, not more frequently than quarterly, a report for  
24 each scheduled item containing the identity of the purchasing on-  
25 premises licensee and the quantities of that scheduled item purchased  
26 since any preceding report to:

27       (i) A distributor authorized by the distiller to distribute a  
28 scheduled item in the on-sale licensee's geographic area; or

29       (ii) A distiller acting as distributor of the scheduled item in  
30 the area.

31       (3)(a) Except as otherwise provided in (c) of this subsection,  
32 the board may issue spirits retail licenses only for premises  
33 comprising at least ten thousand square feet of fully enclosed retail  
34 space within a single structure, including storerooms and other  
35 interior auxiliary areas but excluding covered or fenced exterior  
36 areas, whether or not attached to the structure, and only to  
37 applicants that the board determines will maintain systems for  
38 inventory management, employee training, employee supervision, and  
39 physical security of the product substantially as effective as those

1 of stores currently operated by the board with respect to preventing  
2 sales to or pilferage by underage or inebriated persons.

3 (b) License issuances and renewals are subject to RCW 66.24.010  
4 and the regulations adopted thereunder, including without limitation  
5 rights of cities, towns, county legislative authorities, the public,  
6 churches, schools, and public institutions to object to or prevent  
7 issuance of local liquor licenses. However, existing grocery premises  
8 licensed to sell beer and/or wine are deemed to be premises "now  
9 licensed" under RCW 66.24.010(9)(a) for the purpose of processing  
10 applications for spirits retail licenses.

11 (c) The board may not deny a spirits retail license to an  
12 otherwise qualified contract liquor store at its contract location or  
13 to the holder of former state liquor store operating rights sold at  
14 auction under RCW 66.24.620 on the grounds of location, nature, or  
15 size of the premises to be licensed. The board may not deny a spirits  
16 retail license to applicants that are not contract liquor stores or  
17 operating rights holders on the grounds of the size of the premises  
18 to be licensed, if such applicant is otherwise qualified and the  
19 board determines that:

20 (i) There is no spirits retail license holder in the trade area  
21 that the applicant proposes to serve;

22 (ii) The applicant meets, or upon licensure will meet, the  
23 operational requirements established by the board by rule; and

24 (iii) The licensee has not committed more than one public safety  
25 violation within the three years preceding application.

26 (d) A retailer authorized to sell spirits for consumption on or  
27 off the licensed premises may accept delivery of spirits at its  
28 licensed premises, at another licensed premises as designated by the  
29 retailer, or at one or more warehouse facilities registered with the  
30 board, which facilities may also warehouse and distribute nonliquor  
31 items, and from which the retailer may deliver to its own licensed  
32 premises and, pursuant to sales permitted under subsection (1) of  
33 this section:

34 (i) To other retailer premises licensed to sell spirits for  
35 consumption on the licensed premises;

36 (ii) To other registered facilities; or

37 (iii) To lawful purchasers outside the state. The facilities may  
38 be registered and utilized by associations, cooperatives, or  
39 comparable groups of retailers, including at least one retailer  
40 licensed to sell spirits.

1 (e) For purposes of negotiating volume discounts, a group of  
2 individual retailers authorized to sell spirits for consumption off  
3 the licensed premises may accept delivery of spirits at their  
4 individual licensed premises or at any one of the individual  
5 licensee's premises, or at a warehouse facility registered with the  
6 board.

7 (4)(a) Except as otherwise provided in RCW 66.24.632, or in (b)  
8 of this subsection, each spirits retail licensee must pay to the  
9 board, for deposit into the liquor revolving fund, a license issuance  
10 fee equivalent to seventeen percent of all spirits sales revenues  
11 under the license, exclusive of taxes collected by the licensee and  
12 of sales of items on which a license fee payable under this section  
13 has otherwise been incurred. The board must establish rules setting  
14 forth the timing of such payments and reporting of sales dollar  
15 volume by the licensee, with payments required quarterly in arrears.  
16 The first payment is due October 1, 2012.

17 (b) This subsection (4) does not apply to craft distilleries for  
18 sales of spirits of the craft distillery's own production.

19 (5) In addition to the payment required under subsection (4) of  
20 this section, each licensee must pay an annual license renewal fee of  
21 one hundred sixty-six dollars. The board must periodically review and  
22 adjust the renewal fee as may be required to maintain it as  
23 comparable to annual license renewal fees for licenses to sell beer  
24 and wine not for consumption on the licensed premises. If required by  
25 law at the time, any increase of the annual renewal fee becomes  
26 effective only upon ratification by the legislature.

27 (6) As a condition to receiving and renewing a spirits retail  
28 license the licensee must provide training as prescribed by the board  
29 by rule for individuals who sell spirits or who manage others who  
30 sell spirits regarding compliance with laws and regulations regarding  
31 sale of spirits, including without limitation the prohibitions  
32 against sale of spirits to individuals who are underage or visibly  
33 intoxicated. The training must be provided before the individual  
34 first engages in the sale of spirits and must be renewed at least  
35 every five years. The licensee must maintain records documenting the  
36 nature and frequency of the training provided. An employee training  
37 program is presumptively sufficient if it incorporates a "responsible  
38 vendor program" adopted by the board.

39 (7) The maximum penalties prescribed by the board in WAC  
40 314-29-020 through 314-29-040 relating to fines and suspensions are

1 doubled for violations relating to the sale of spirits by spirits  
2 retail licensees.

3 (8)(a) The board must adopt regulations concerning the adoption  
4 and administration of a compliance training program for spirits  
5 retail licensees, to be known as a "responsible vendor program," to  
6 reduce underage drinking, encourage licensees to adopt specific best  
7 practices to prevent sales to minors, and provide licensees with an  
8 incentive to give their employees ongoing training in responsible  
9 alcohol sales and service.

10 (b) Licensees who join the responsible vendor program under this  
11 section and maintain all of the program's requirements are not  
12 subject to the doubling of penalties provided in this section for a  
13 single violation in any period of twelve calendar months.

14 (c) The responsible vendor program must be free, voluntary, and  
15 self-monitoring.

16 (d) To participate in the responsible vendor program, licensees  
17 must submit an application form to the board. If the application  
18 establishes that the licensee meets the qualifications to join the  
19 program, the board must send the licensee a membership certificate.

20 (e) A licensee participating in the responsible vendor program  
21 must at a minimum:

22 (i) Provide ongoing training to employees;

23 (ii) Accept only certain forms of identification for alcohol  
24 sales;

25 (iii) Adopt policies on alcohol sales and checking  
26 identification;

27 (iv) Post specific signs in the business; and

28 (v) Keep records verifying compliance with the program's  
29 requirements.

30 (f)(i) A spirits retail licensee that also holds a grocery store  
31 license under RCW 66.24.360 or a beer and/or wine specialty shop  
32 license under RCW 66.24.371 may, upon board approval and pursuant to  
33 board rules, transition to a combination spirits, beer, and wine  
34 license pursuant to RCW 66.24.035.

35 (ii) An applicant that would qualify for a spirits retail license  
36 under this section and that qualifies for a combination spirits,  
37 beer, and wine license pursuant to RCW 66.24.035 may apply for a  
38 license pursuant to RCW 66.24.035 instead of applying for a spirits  
39 retail license under this section.

1       **Sec. 7.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to read  
2 as follows:

3       (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from  
4 providing retailers branded promotional items which are of nominal  
5 value, singly or in the aggregate. Such items include but are not  
6 limited to: Trays, lighters, blotters, postcards, pencils, coasters,  
7 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or  
8 can openers, corkscrews, matches, printed recipes, shirts, hats,  
9 visors, and other similar items. Branded promotional items:

10       (i) Must be used exclusively by the retailer or its employees in  
11 a manner consistent with its license;

12       (ii) Must bear imprinted advertising matter of the industry  
13 member only, except imprinted advertising matter of the industry  
14 member can include the logo of a professional sports team which the  
15 industry member is licensed to use;

16       (iii) May be provided by industry members only to retailers and  
17 their employees and may not be provided by or through retailers or  
18 their employees to retail customers; and

19       (iv) May not be targeted to or appeal principally to youth.

20       (b) An industry member is not obligated to provide any such  
21 branded promotional items, and a retailer may not require an industry  
22 member to provide such branded promotional items as a condition for  
23 selling any alcohol to the retailer.

24       (c) Any industry member or retailer or any other person asserting  
25 that the provision of branded promotional items as allowed in (a) of  
26 this subsection has resulted or is more likely than not to result in  
27 undue influence or an adverse impact on public health and safety, or  
28 is otherwise inconsistent with the criteria in (a) of this subsection  
29 may file a complaint with the board. Upon receipt of a complaint the  
30 board may conduct such investigation as it deems appropriate in the  
31 circumstances. If the investigation reveals the provision of branded  
32 promotional items has resulted in or is more likely than not to  
33 result in undue influence or has resulted or is more likely than not  
34 to result in an adverse impact on public health and safety or is  
35 otherwise inconsistent with (a) of this subsection the board may  
36 issue an administrative violation notice to the industry member, to  
37 the retailer, or both. The recipient of the administrative violation  
38 notice may request a hearing under chapter 34.05 RCW.

39       (2) Nothing in RCW 66.28.305 prohibits:

1 (a) An industry member from providing to a special occasion  
2 licensee and a special occasion licensee from receiving services for:

3 (i) Installation of draft beer dispensing equipment or  
4 advertising;

5 (ii) Advertising, pouring, or dispensing of beer or wine at a  
6 beer or wine tasting exhibition or judging event; or

7 (iii) Pouring or dispensing of spirits by a licensed domestic  
8 distiller or the accredited representative of a distiller,  
9 manufacturer, importer, or distributor of spirituous liquor licensed  
10 under RCW 66.24.310; or

11 (b) Special occasion licensees from paying for beer, wine, or  
12 spirits immediately following the end of the special occasion event;  
13 or

14 (c) Wineries, breweries, or distilleries that are participating  
15 in a special occasion event from paying reasonable booth fees to the  
16 special occasion licensee.

17 (3) Nothing in RCW 66.28.305 prohibits industry members from  
18 performing, and retailers from accepting the service of building,  
19 rotating, and restocking displays and stockroom inventories; rotating  
20 and rearranging can and bottle displays of their own products;  
21 providing point of sale material and brand signs; pricing case goods  
22 of their own brands; and performing such similar business services  
23 consistent with board rules, or personal services as described in  
24 subsection (5) of this section.

25 (4) Nothing in RCW 66.28.305 prohibits:

26 (a) Industry members from listing on their internet web sites  
27 information related to retailers who sell or promote their products,  
28 including direct links to the retailers' internet web sites; and

29 (b) Retailers from listing on their internet web sites  
30 information related to industry members whose products those  
31 retailers sell or promote, including direct links to the industry  
32 members' web sites; or

33 (c) Industry members and retailers from producing, jointly or  
34 together with regional, state, or local industry associations,  
35 brochures and materials promoting tourism in Washington state which  
36 contain information regarding retail licensees, industry members, and  
37 their products.

38 (5) Nothing in RCW 66.28.305 prohibits the performance of  
39 personal services offered from time to time by a domestic winery or  
40 certificate of approval holder to retailers when the personal

1 services are (a) conducted at a licensed premises, and (b) intended  
2 to inform, educate, or enhance customers' knowledge or experience of  
3 the manufacturer's products. The performance of personal services may  
4 include participation and pouring, bottle signing events, and other  
5 similar informational or educational activities at the premises of a  
6 retailer holding a spirits, beer, and wine restaurant license, a wine  
7 and/or beer restaurant license, a specialty wine shop license, a  
8 special occasion license, a grocery store license with a tasting  
9 endorsement, or a private club license. A domestic winery or  
10 certificate of approval holder is not obligated to perform any such  
11 personal services, and a retail licensee may not require a domestic  
12 winery or certificate of approval holder to conduct any personal  
13 service as a condition for selling any alcohol to the retail  
14 licensee, or as a condition for including any product of the domestic  
15 winery or certificate of approval holder in any tasting conducted by  
16 the licensee. Except as provided in RCW 66.28.150, the cost of  
17 sampling may not be borne, directly or indirectly, by any domestic  
18 winery or certificate of approval holder or any distributor. Nothing  
19 in this section prohibits wineries, breweries, microbreweries,  
20 certificate of approval holders, and retail licensees from  
21 identifying the producers on private labels authorized under RCW  
22 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

23 (6) Nothing in RCW 66.28.305 prohibits an industry member from  
24 entering into an arrangement with any holder of a sports  
25 entertainment facility license or an affiliated business for brand  
26 advertising at the licensed facility or promoting events held at the  
27 sports entertainment facility as authorized under RCW 66.24.570.

28 (7) Nothing in RCW 66.28.305 prohibits the performance of  
29 personal services offered from time to time by a domestic brewery,  
30 microbrewery, or beer certificate of approval holder to grocery store  
31 licensees with a tasting endorsement when the personal services are  
32 (a) conducted at a licensed premises in conjunction with a tasting  
33 event, and (b) intended to inform, educate, or enhance customers'  
34 knowledge or experience of the manufacturer's products. The  
35 performance of personal services may include participation and  
36 pouring, bottle signing events, and other similar informational or  
37 educational activities. A domestic brewery, microbrewery, or beer  
38 certificate of approval holder is not obligated to perform any such  
39 personal services, and a grocery store licensee may not require the

1 performance of any personal service as a condition for including any  
2 product in any tasting conducted by the licensee.

3 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a  
4 domestic winery and a restaurant licensed under RCW 66.24.320 or  
5 66.24.400 to waive a corkage fee.

6 (9) Nothing in this section prohibits professional sports teams  
7 who hold a retail liquor license or their agents from accepting bona  
8 fide liquor advertising from manufacturers, importers, distributors,  
9 or their agents for use in the sporting arena. Professional sports  
10 teams who hold a retail liquor license or their agents may license  
11 the manufacturer, importer, distributor, or their agents to use the  
12 name and trademarks of the professional sports team in their  
13 advertising and promotions, under the following conditions:

14 (a) Such advertising must be paid for by said manufacturer,  
15 importer, distributor, or their agent at the published advertising  
16 rate or at a reasonable fair market value.

17 (b) Such advertising may carry with it no express or implied  
18 offer on the part of the manufacturer, importer, distributor, or  
19 their agent, or promise on the part of the retail licensee whose  
20 operation is directly or indirectly part of the sporting arena, to  
21 stock or list any particular brand of liquor to the total or partial  
22 exclusion of any other brand.

23 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic  
24 brewery or microbrewery from providing branded promotional items  
25 which are of nominal value, singly or in the aggregate, to a  
26 nonprofit charitable corporation or association exempt from taxation  
27 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it  
28 existed on July 24, 2015, for use consistent with the purpose or  
29 purposes entitling it to such exemption.

30 (11) Nothing in RCW 66.28.305 prohibits a distillery, craft  
31 distillery, or spirits certificate of approval holder from providing  
32 branded promotional items which are of nominal value, singly or in  
33 the aggregate, to a nonprofit charitable corporation or association  
34 exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the  
35 federal internal revenue code of 1986, as amended, as of the  
36 effective date of this section, for use consistent with the purpose  
37 or purposes entitling it to such exemption.

38 NEW SECTION. Sec. 8. (1)(a) The state liquor and cannabis board  
39 shall, in consultation with the department of revenue, study the



1 benefits and costs of restructuring the distillery licensing and fee  
2 structure as described in subsection (2) of this section, including  
3 benefits resulting from the increased use of Washington-grown  
4 materials in spirits production in the state.

5 (b) As part of the study, the board must convene meetings in at  
6 least three locations in the state at which stakeholders and the  
7 public have an opportunity to provide input on the proposal. The  
8 board shall submit a report to the appropriate committees of the  
9 legislature by December 1, 2018, reporting the study's findings and,  
10 if the board deems it appropriate, any recommendations.

11 (2)(a) The proposed restructure of the distillery licensing and  
12 fee structure subject to the study has the following components:

13 (i) The elimination of the distillery license and craft  
14 distillery license and the creation of a new license for distilled  
15 spirits producers that does not distinguish applicants for licensing  
16 purposes based on the percentage of raw materials used in production  
17 grown in Washington, and distinguishes applicants for licensing  
18 purposes based on the number of gallons of spirits produced annually  
19 only for purposes of determining the amount of the annual licensing  
20 fee;

21 (ii) The creation of a new license type for businesses that are  
22 primarily engaged in the marketing of one or more brands of distilled  
23 spirits without being substantially involved in the distillation,  
24 redistillation, rectification, blending, flavoring, or bottling of  
25 spirits;

26 (iii) The establishment of annual licensing fees for distilled  
27 spirits producers ranging from three hundred to five thousand dollars  
28 based on the number of gallons of spirits produced annually, and the  
29 establishment of annual licensing fees for distilled spirits brand  
30 owners described in (a)(ii) of this subsection ranging from two  
31 thousand five hundred dollars to five thousand dollars, depending on  
32 the number of gallons of spirits produced annually; and

33 (iv) The modification of the application of the seventeen percent  
34 spirits retail license issuance fee in RCW 66.24.630(4) to distilled  
35 spirits producers who sell spirits of their own production, to  
36 establish an exemption from the fee for distilled spirits producers  
37 producing spirits with at least seventy percent of the raw materials  
38 used in the production grown in the state of Washington, and a credit  
39 against the fee of up to seventy-five percent for distilled spirits

1 producers producing spirits with less than seventy percent of the raw  
2 materials used in the production grown in the state of Washington.

3 (b) The state liquor and cannabis board may, in its discretion,  
4 study or recommend additional changes to the distillery licensing and  
5 fee structure in the study in addition to the proposed changes in (a)  
6 of this subsection.

7 (3) This section expires January 1, 2019.

8 NEW SECTION. **Sec. 9.** If any provision of this act or its  
9 application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

12 NEW SECTION. **Sec. 10.** Sections 1 through 7 and 9 of this act  
13 take effect July 1, 2018."

14 Correct the title.

EFFECT: (1) Removes the provisions that created new license types  
and eliminated the distillery and craft distillery licenses, to  
restore the existing distillery and craft distillery licenses.

(2) Removes the new authorization regarding sampling spirits at  
farmers markets. Removes the new endorsement authorizing samples and  
sales direct to customers at an event held under a nonprofit  
organization's special occasion license.

(3) Provides that distilleries and craft distilleries new  
privileges include the following:

(a) Selling and serving spirits of the distillery or craft  
distillery's own production, and spirits, vermouth, and sparkling  
wine produced by another licensee in the state, for on-premises and  
off-premises consumption, from the distillery premises and up to two  
off-site tasting rooms that each require a separate license;

(b) Operating joint off-site tasting rooms and conjoined  
consumption areas with other alcohol manufacturers (still subject to  
the limit of two off-site tasting rooms for distilleries and craft  
distilleries); and

(c) Providing branded promotional items of nominal value to  
nonprofits exempt from taxation under section 501(c)(3) of the  
Internal Revenue Code.

(4) Requires servings of spirits sold for on-premises consumption  
by a distillery or craft distillery to be adulterated (while  
retaining the authorization for unadulterated spirits samples that  
may be one-half ounce or less in size and are subject to a two ounce  
limit per person per day).

(5) Prohibits minors, after 8:00 p.m., from entering or remaining  
on the premises of a distillery or craft distillery in an area where  
alcohol is sampled, sold, or served, or on the premises of an off-  
site tasting room.

(6) Removes all provisions that restructured how the 17 percent  
spirits retail license issuance fee applies, including removing the  
new exemption from the fee and the new credit against the fee.

Provides that the existing exemption for craft distilleries from the 17 percent fee applies only to a craft distillery's sales of spirits of its own production.

(7) Requires the Liquor and Cannabis Board to study, convene public meetings, and submit a report to the legislature by December 1, 2018, on a proposal to modify the distillery licensing and fee structure to eliminate the distillery and craft distillery licenses, create new licenses with new annual licensing fees, and modify the application of the 17 percent spirits retail license issuance fee to distilled spirits producers to create a new exemption from the fee and a new credit against the fee based on the percentage of raw materials used in spirits production grown in Washington.

(8) Changes the effective date to July 1, 2018, from January 1, 2019.

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