

SSB 5426 - H COMM AMD  
By Committee on Commerce & Gaming

NOT CONSIDERED 01/05/2018

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

3 "Sec. 1. RCW 66.24.170 and 2016 c 235 s 1 are each amended to  
4 read as follows:

5 (1) There is a license for domestic wineries; fee to be computed  
6 only on the liters manufactured: Less than two hundred fifty thousand  
7 liters per year, one hundred dollars per year; and two hundred fifty  
8 thousand liters or more per year, four hundred dollars per year.

9 (2) The license allows for the manufacture of wine in Washington  
10 state from grapes or other agricultural products.

11 (3) Any domestic winery licensed under this section may also act  
12 as a retailer of wine of its own production. Any domestic winery  
13 licensed under this section may act as a distributor of its own  
14 production. Notwithstanding any language in this title to the  
15 contrary, a domestic winery may use a common carrier to deliver up to  
16 one hundred cases of its own production, in the aggregate, per month  
17 to licensed Washington retailers. A domestic winery may not arrange  
18 for any such common carrier shipments to licensed retailers of wine  
19 not of its own production. Except as provided in this section, any  
20 winery operating as a distributor and/or retailer under this  
21 subsection must comply with the applicable laws and rules relating to  
22 distributors and/or retailers, except that a winery operating as a  
23 distributor may maintain a warehouse off the premises of the winery  
24 for the distribution of wine of its own production provided that: (a)  
25 The warehouse has been approved by the board under RCW 66.24.010; and  
26 (b) the number of warehouses off the premises of the winery does not  
27 exceed one.

28 (4) A domestic winery licensed under this section, at locations  
29 separate from any of its production or manufacturing sites, may serve  
30 samples of its own products, with or without charge, may sell wine of  
31 its own production at retail, and may sell for off-premises  
32 consumption wines of its own production in kegs or sanitary

1 containers meeting the applicable requirements of federal law brought  
2 to the premises by the purchaser or furnished by the licensee and  
3 filled at the tap at the time of sale, provided that: (a) Each  
4 additional location has been approved by the board under RCW  
5 66.24.010; (b) the total number of additional locations does not  
6 exceed (~~two~~) four; (c) a winery may not act as a distributor at any  
7 such additional location; and (d) any person selling or serving wine  
8 at an additional location for on-premises consumption must obtain a  
9 class 12 or class 13 alcohol server permit. Each additional location  
10 is deemed to be part of the winery license for the purpose of this  
11 title. At additional locations operated by multiple wineries under  
12 this section, if the board cannot connect a violation of RCW  
13 66.44.200 or 66.44.270 to a single licensee, the board may hold all  
14 licensees operating the additional location jointly liable. Nothing  
15 in this subsection may be construed to prevent a domestic winery from  
16 holding multiple domestic winery licenses.

17 (5)(a) A domestic winery licensed under this section may apply to  
18 the board for an endorsement to sell wine of its own production at  
19 retail for off-premises consumption at a qualifying farmers market.  
20 The annual fee for this endorsement is seventy-five dollars. An  
21 endorsement issued pursuant to this subsection does not count toward  
22 the (~~two~~) four additional retail locations limit specified in this  
23 section.

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

30 (c) The wine sold at qualifying farmers markets must be made  
31 entirely from grapes grown in a recognized Washington appellation or  
32 from other agricultural products grown in this state.

33 (d) Each approved location in a qualifying farmers market is  
34 deemed to be part of the winery license for the purpose of this  
35 title. The approved locations under an endorsement granted under this  
36 subsection include tasting or sampling privileges subject to the  
37 conditions pursuant to RCW 66.24.175. The winery may not store wine  
38 at a farmers market beyond the hours that the winery offers bottled  
39 wine for sale. The winery may not act as a distributor from a farmers  
40 market location.

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

17 (f) The board may adopt rules establishing the application and  
18 approval process under this section and such additional rules as may  
19 be necessary to implement this section.

20 (g) For the purposes of this subsection:

21 (i) "Qualifying farmers market" means an entity that sponsors a  
22 regular assembly of vendors at a defined location for the purpose of  
23 promoting the sale of agricultural products grown or produced in this  
24 state directly to the consumer under conditions that meet the  
25 following minimum requirements:

26 (A) There are at least five participating vendors who are farmers  
27 selling their own agricultural products;

28 (B) The total combined gross annual sales of vendors who are  
29 farmers exceeds the total combined gross annual sales of vendors who  
30 are processors or resellers. However, if a farmers market does not  
31 satisfy this subsection (5)(g)(i)(B), a farmers market is still  
32 considered a "qualifying farmers market" if the total combined gross  
33 annual sales of farmers and processors at the farmers market is one  
34 million dollars or more;

35 (C) The total combined gross annual sales of vendors who are  
36 farmers, processors, or resellers exceeds the total combined gross  
37 annual sales of vendors who are not farmers, processors, or  
38 resellers;

39 (D) The sale of imported items and secondhand items by any vendor  
40 is prohibited; and

1 (E) No vendor is a franchisee.

2 (ii) "Farmer" means a natural person who sells, with or without  
3 processing, agricultural products that he or she raises on land he or  
4 she owns or leases in this state or in another state's county that  
5 borders this state.

6 (iii) "Processor" means a natural person who sells processed food  
7 that he or she has personally prepared on land he or she owns or  
8 leases in this state or in another state's county that borders this  
9 state.

10 (iv) "Reseller" means a natural person who buys agricultural  
11 products from a farmer and resells the products directly to the  
12 consumer.

13 (6) Wine produced in Washington state by a domestic winery  
14 licensee may be shipped out-of-state for the purpose of making it  
15 into sparkling wine and then returned to such licensee for resale.  
16 Such wine is deemed wine manufactured in the state of Washington for  
17 the purposes of RCW 66.24.206, and shall not require a special  
18 license.

19 (7) During an event held by a nonprofit holding a special  
20 occasion license issued under RCW 66.24.380, a domestic winery  
21 licensed under this section may take orders, either in writing or  
22 electronically, and accept payment for wines of its own production  
23 under the following conditions:

24 (a) Wine produced by the domestic winery may be served for on-  
25 premises consumption by the special occasion licensee;

26 (b) The domestic winery delivers wine to the consumer on a date  
27 after the conclusion of the special occasion event;

28 (c) The domestic winery delivers wine to the consumer at a  
29 location different from the location at which the special occasion  
30 event is held;

31 (d) The domestic winery complies with all requirements in chapter  
32 66.20 RCW for direct sale of wine to consumers;

33 (e) The wine is not sold for resale; and

34 (f) The domestic winery is entitled to all proceeds from the sale  
35 and delivery of its wine to a consumer after the conclusion of the  
36 special occasion event, but may enter into an agreement to share a  
37 portion of the proceeds of these sales with the special occasion  
38 licensee licensed under RCW 66.24.380.

1        NEW SECTION.    **Sec. 2.**    The legislature intends that at least two  
2    hundred new domestic wineries be created over the next six years. The  
3    state liquor and cannabis board must report electronically to the  
4    house committee on commerce and gaming regarding the number of new  
5    domestic wineries each biennium. The first report is due June 30,  
6    2019, and a report is due every two years thereafter through June 30,  
7    2023."

8        Correct the title.

EFFECT: Adds legislative intent and a requirement that the state  
liquor and cannabis board report electronically to the house  
committee on commerce and gaming regarding the number of new domestic  
wineries each biennium, with the first report due June 30, 2019, and  
a report due every two years thereafter through June 30, 2023.

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