
SUBSTITUTE HOUSE BILL 2099

State of Washington 65th Legislature 2017 Regular Session

By House Commerce & Gaming (originally sponsored by Representative Blake)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to streamlining distillery licensing and fees;
2 amending RCW 66.04.010, 66.24.140, 66.24.145, 66.24.520, 66.24.630,
3 66.28.040, and 66.28.295; and providing an effective date.

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

5 **Sec. 1.** RCW 66.04.010 and 2015 c 193 s 3 are each amended to
6 read as follows:

7 (~~In this title, unless the context otherwise requires:~~) The
8 definitions in this section apply throughout this title unless the
9 context clearly requires otherwise.

10 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
11 oxide of ethyl, or spirit of wine, which is commonly produced by the
12 fermentation or distillation of grain, starch, molasses, or sugar, or
13 other substances including all dilutions and mixtures of this
14 substance. The term "alcohol" does not include alcohol in the
15 possession of a manufacturer or distiller of alcohol fuel, as
16 described in RCW 66.12.130, which is intended to be denatured and
17 used as a fuel for use in motor vehicles, farm implements, and
18 machines or implements of husbandry.

19 (2) "Authorized representative" means a person who:

20 (a) Is required to have a federal basic permit issued pursuant to
21 the federal alcohol administration act, 27 U.S.C. Sec. 204;

1 (b) Has its business located in the United States outside of the
2 state of Washington;

3 (c) Acquires ownership of beer or wine for transportation into
4 and resale in the state of Washington; and which beer or wine is
5 produced by a brewery or winery in the United States outside of the
6 state of Washington; and

7 (d) Is appointed by the brewery or winery referenced in (c) of
8 this subsection as its authorized representative for marketing and
9 selling its products within the United States in accordance with a
10 written agreement between the authorized representative and such
11 brewery or winery pursuant to this title.

12 (3) "Beer" means any malt beverage, flavored malt beverage, or
13 malt liquor as these terms are defined in this chapter.

14 (4) "Beer distributor" means a person who buys beer from a
15 domestic brewery, microbrewery, beer certificate of approval holder,
16 or beer importers, or who acquires foreign produced beer from a
17 source outside of the United States, for the purpose of selling the
18 same pursuant to this title, or who represents such brewer or brewery
19 as agent.

20 (5) "Beer importer" means a person or business within Washington
21 who purchases beer from a beer certificate of approval holder or who
22 acquires foreign produced beer from a source outside of the United
23 States for the purpose of selling the same pursuant to this title.

24 (6) "Board" means the liquor (~~control~~) and cannabis board,
25 constituted under this title.

26 (7) "Brewer" or "brewery" means any person engaged in the
27 business of manufacturing beer and malt liquor. Brewer includes a
28 brand owner of malt beverages who holds a brewer's notice with the
29 federal bureau of alcohol, tobacco, and firearms at a location
30 outside the state and whose malt beverage is contract-produced by a
31 licensed in-state brewery, and who may exercise within the state,
32 under a domestic brewery license, only the privileges of storing,
33 selling to licensed beer distributors, and exporting beer from the
34 state.

35 (8) "Club" means an organization of persons, incorporated or
36 unincorporated, operated solely for fraternal, benevolent,
37 educational, athletic, or social purposes, and not for pecuniary
38 gain.

39 (9) "Confection" means a preparation of sugar, honey, or other
40 natural or artificial sweeteners in combination with chocolate,

1 fruits, nuts, dairy products, or flavorings, in the form of bars,
2 drops, or pieces.

3 (10) "Consume" includes the putting of liquor to any use, whether
4 by drinking or otherwise.

5 (11) "Contract liquor store" means a business that sells liquor
6 on behalf of the board through a contract with a contract liquor
7 store manager.

8 (~~(12)~~) (~~"Craft distillery" means a distillery that pays the~~
9 ~~reduced licensing fee under RCW 66.24.140.~~

10 (~~(13)~~) "Dentist" means a practitioner of dentistry duly and
11 regularly licensed and engaged in the practice of his or her
12 profession within the state pursuant to chapter 18.32 RCW.

13 (~~(14)~~) (13) "Distiller" means a person engaged in the business
14 of (~~distilling~~) producing or manufacturing spirits.

15 (~~(15)~~) (14) "Domestic brewery" means a place where beer and
16 malt liquor are manufactured or produced by a brewer within the
17 state.

18 (~~(16)~~) (15) "Domestic winery" means a place where wines are
19 manufactured or produced within the state of Washington.

20 (~~(17)~~) (16) "Drug store" means a place whose principal business
21 is, the sale of drugs, medicines, and pharmaceutical preparations and
22 maintains a regular prescription department and employs a registered
23 pharmacist during all hours the drug store is open.

24 (~~(18)~~) (17) "Druggist" means any person who holds a valid
25 certificate and is a registered pharmacist and is duly and regularly
26 engaged in carrying on the business of pharmaceutical chemistry
27 pursuant to chapter 18.64 RCW.

28 (~~(19)~~) (18) "Employee" means any person employed by the board.

29 (~~(20)~~) (19) "Flavored malt beverage" means:

30 (a) A malt beverage containing six percent or less alcohol by
31 volume to which flavoring or other added nonbeverage ingredients are
32 added that contain distilled spirits of not more than forty-nine
33 percent of the beverage's overall alcohol content; or

34 (b) A malt beverage containing more than six percent alcohol by
35 volume to which flavoring or other added nonbeverage ingredients are
36 added that contain distilled spirits of not more than one and
37 one-half percent of the beverage's overall alcohol content.

38 (~~(21)~~) (20) "Fund" means 'liquor revolving fund.'

39 (~~(22)~~) (21) "Hotel" means buildings, structures, and grounds,
40 having facilities for preparing, cooking, and serving food, that are

1 kept, used, maintained, advertised, or held out to the public to be a
2 place where food is served and sleeping accommodations are offered
3 for pay to transient guests, in which twenty or more rooms are used
4 for the sleeping accommodation of such transient guests. The
5 buildings, structures, and grounds must be located on adjacent
6 property either owned or leased by the same person or persons.

7 ~~((+23+))~~ (22) "Importer" means a person who buys distilled
8 spirits from a distillery outside the state of Washington and imports
9 such spirituous liquor into the state for sale to the board or for
10 export.

11 ~~((+24+))~~ (23) "Imprisonment" means confinement in the county
12 jail.

13 ~~((+25+))~~ (24) "Liquor" includes the four varieties of liquor
14 herein defined (alcohol, spirits, wine, and beer), and all fermented,
15 spirituous, vinous, or malt liquor, or combinations thereof, and
16 mixed liquor, a part of which is fermented, spirituous, vinous or
17 malt liquor, or otherwise intoxicating; and every liquid or solid or
18 semisolid or other substance, patented or not, containing alcohol,
19 spirits, wine, or beer, and all drinks or drinkable liquids and all
20 preparations or mixtures capable of human consumption, and any
21 liquid, semisolid, solid, or other substance, which contains more
22 than one percent of alcohol by weight (~~shall be~~) is conclusively
23 deemed to be intoxicating. Liquor does not include confections or
24 food products that contain one percent or less of alcohol by weight.

25 ~~((+26+))~~ (25) "Malt beverage" or "malt liquor" means any beverage
26 such as beer, ale, lager beer, stout, and porter obtained by the
27 alcoholic fermentation of an infusion or decoction of pure hops, or
28 pure extract of hops and pure barley malt or other wholesome grain or
29 cereal in pure water containing not more than eight percent of
30 alcohol by weight, and not less than one-half of one percent of
31 alcohol by volume. For the purposes of this title, any such beverage
32 containing more than eight percent of alcohol by weight shall be
33 referred to as "strong beer."

34 ~~((+27+))~~ (26) "Manufacturer" means a person engaged in the
35 preparation of liquor for sale, in any form whatsoever.

36 ~~((+28+))~~ (27) "Nightclub" means an establishment that provides
37 entertainment and has as its primary source of revenue (a) the sale
38 of alcohol for consumption on the premises, (b) cover charges, or (c)
39 both.

1 ~~((29))~~ (28) "Package" means any container or receptacle used
2 for holding liquor.

3 ~~((30))~~ (29) "Passenger vessel" means any boat, ship, vessel,
4 barge, or other floating craft of any kind carrying passengers for
5 compensation.

6 ~~((31))~~ (30) "Permit" means a permit for the purchase of liquor
7 under this title.

8 ~~((32))~~ (31) "Person" means an individual, copartnership,
9 association, or corporation.

10 ~~((33))~~ (32) "Physician" means a medical practitioner duly and
11 regularly licensed and engaged in the practice of his or her
12 profession within the state pursuant to chapter 18.71 RCW.

13 ~~((34))~~ (33) "Powdered alcohol" means any powder or crystalline
14 substance containing alcohol that is produced for direct use or
15 reconstitution.

16 ~~((35))~~ (34) "Prescription" means a memorandum signed by a
17 physician and given by him or her to a patient for the obtaining of
18 liquor pursuant to this title for medicinal purposes.

19 ~~((36))~~ (35) "Public place" includes streets and alleys of
20 incorporated cities and towns; state or county or township highways
21 or roads; buildings and grounds used for school purposes; public
22 dance halls and grounds adjacent thereto; those parts of
23 establishments where beer may be sold under this title, soft drink
24 establishments, public buildings, public meeting halls, lobbies,
25 halls and dining rooms of hotels, restaurants, theatres, stores,
26 garages and filling stations which are open to and are generally used
27 by the public and to which the public is permitted to have
28 unrestricted access; railroad trains, stages, and other public
29 conveyances of all kinds and character, and the depots and waiting
30 rooms used in conjunction therewith which are open to unrestricted
31 use and access by the public; publicly owned bathing beaches, parks,
32 and/or playgrounds; and all other places of like or similar nature to
33 which the general public has unrestricted right of access, and which
34 are generally used by the public.

35 ~~((37))~~ (36) "Regulations" means regulations made by the board
36 under the powers conferred by this title.

37 ~~((38))~~ (37) "Restaurant" means any establishment provided with
38 special space and accommodations where, in consideration of payment,
39 food, without lodgings, is habitually furnished to the public, not
40 including drug stores and soda fountains.

1 (~~(39)~~) (38) "Sale" and "sell" include exchange, barter, and
2 traffic; and also include the selling or supplying or distributing,
3 by any means whatsoever, of liquor, or of any liquid known or
4 described as beer or by any name whatever commonly used to describe
5 malt or brewed liquor or of wine, by any person to any person; and
6 also include a sale or selling within the state to a foreign
7 consignee or his or her agent in the state. "Sale" and "sell"
8 (~~shall~~) does not include the giving, at no charge, of a reasonable
9 amount of liquor by a person not licensed by the board to a person
10 not licensed by the board, for personal use only. "Sale" and "sell"
11 also does not include a raffle authorized under RCW 9.46.0315(~~+~~
12 ~~PROVIDED, That~~), if the nonprofit organization conducting the raffle
13 has obtained the appropriate permit from the board.

14 (~~(40)~~) (39) "Service bar" means a fixed or portable table,
15 counter, cart, or similar work station primarily used to prepare,
16 mix, serve, and sell alcohol that is picked up by employees or
17 customers. Customers may not be seated or allowed to consume food or
18 alcohol at a service bar.

19 (~~(41)~~) (40) "Soda fountain" means a place especially equipped
20 with apparatus for the purpose of dispensing soft drinks, whether
21 mixed or otherwise.

22 (~~(42)~~) (41) "Spirits" means any beverage which contains alcohol
23 obtained by distillation, except flavored malt beverages, but
24 including wines exceeding twenty-four percent of alcohol by volume.

25 (~~(43)~~) (42) "Store" means a state liquor store established
26 under this title.

27 (~~(44)~~) (43) "Tavern" means any establishment with special space
28 and accommodation for sale by the glass and for consumption on the
29 premises, of beer, as herein defined.

30 (~~(45)~~) (44) "VIP airport lounge" means an establishment within
31 an international airport located beyond security checkpoints that
32 provides a special space to sit, relax, read, work, and enjoy
33 beverages where access is controlled by the VIP airport lounge
34 operator and is generally limited to the following classifications of
35 persons:

36 (a) Airline passengers of any age whose admission is based on a
37 first-class, executive, or business class ticket;

38 (b) Airline passengers of any age who are qualified members or
39 allowed guests of certain frequent flyer or other loyalty incentive

1 programs maintained by airlines that have agreements describing the
2 conditions for access to the VIP airport lounge;

3 (c) Airline passengers of any age who are qualified members or
4 allowed guests of certain enhanced amenities programs maintained by
5 companies that have agreements describing the conditions for access
6 to the VIP airport lounge;

7 (d) Airport and airline employees, government officials, foreign
8 dignitaries, and other attendees of functions held by the airport
9 authority or airlines related to the promotion of business objectives
10 such as increasing international air traffic and enhancing foreign
11 trade where access to the VIP airport lounge will be controlled by
12 the VIP airport lounge operator; and

13 (e) Airline passengers of any age or airline employees whose
14 admission is based on a pass issued or permission given by the
15 airline for access to the VIP airport lounge.

16 ((+46+)) (45) "VIP airport lounge operator" means an airline,
17 port district, or other entity operating a VIP airport lounge that:
18 Is accountable for compliance with the alcohol beverage control act
19 under this title; holds the license under chapter 66.24 RCW issued to
20 the VIP airport lounge; and provides a point of contact for
21 addressing any licensing and enforcement by the board.

22 ((+47+)) (46)(a) "Wine" means any alcoholic beverage obtained by
23 fermentation of fruits (grapes, berries, apples, et cetera) or other
24 agricultural product containing sugar, to which any saccharine
25 substances may have been added before, during or after fermentation,
26 and containing not more than twenty-four percent of alcohol by
27 volume, including sweet wines fortified with wine spirits, such as
28 port, sherry, muscatel, and angelica, not exceeding twenty-four
29 percent of alcohol by volume and not less than one-half of one
30 percent of alcohol by volume. For purposes of this title, any
31 beverage containing no more than fourteen percent of alcohol by
32 volume when bottled or packaged by the manufacturer shall be referred
33 to as "table wine," and any beverage containing alcohol in an amount
34 more than fourteen percent by volume when bottled or packaged by the
35 manufacturer ((shall)) must be referred to as "fortified wine."
36 However, "fortified wine" ((shall)) does not include: (i) Wines that
37 are both sealed or capped by cork closure and aged two years or more;
38 and (ii) wines that contain more than fourteen percent alcohol by
39 volume solely as a result of the natural fermentation process and

1 that have not been produced with the addition of wine spirits,
2 brandy, or alcohol.

3 (b) This subsection (~~(shall)~~) may not be interpreted to require
4 that any wine be labeled with the designation "table wine" or
5 "fortified wine."

6 (~~(48)~~) (47) "Wine distributor" means a person who buys wine
7 from a domestic winery, wine certificate of approval holder, or wine
8 importer, or who acquires foreign produced wine from a source outside
9 of the United States, for the purpose of selling the same not in
10 violation of this title, or who represents such vintner or winery as
11 agent.

12 (~~(49)~~) (48) "Wine importer" means a person or business within
13 Washington who purchases wine from a wine certificate of approval
14 holder or who acquires foreign produced wine from a source outside of
15 the United States for the purpose of selling the same pursuant to
16 this title.

17 (~~(50)~~) (49) "Winery" means a business conducted by any person
18 for the manufacture of wine for sale, other than a domestic winery.

19 **Sec. 2.** RCW 66.24.140 and 2015 c 194 s 1 are each amended to
20 read as follows:

21 (1) There is a license to distillers, including blending(~~(7)~~) or
22 rectifying(~~(7)~~) and bottling; fee (~~(two thousand)~~) one hundred ten
23 dollars per annum, unless provided otherwise as follows:

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

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

32 (~~(c)~~) (b) The board must license stills used and to be used
33 solely and only for laboratory purposes in any school, college, or
34 educational institution in the state, without fee; and

35 (~~(d)~~) (c) The board must license stills that have been duly
36 licensed as fruit and/or wine distilleries by the federal government,
37 used and to be used solely as fruit and/or wine distilleries in the
38 production of fruit brandy and wine spirits, at a fee of two hundred
39 dollars per annum.

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

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

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

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

14 **Sec. 3.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to
15 read as follows:

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

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

20 (2) Any (~~craft~~) distillery may contract distilled spirits for,
21 and sell contract distilled spirits to, holders of distillers' or
22 manufacturers' licenses, including licenses issued under RCW
23 66.24.520, or for export.

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

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

35 (b) For each month during which a distillery (~~or craft~~
36 ~~distillery~~) will sell spirits at a qualifying farmers market, the
37 distillery (~~or craft distillery~~) must provide the board or its
38 designee a list of the dates, times, and locations at which bottled
39 spirits may be offered for sale. This list must be received by the

1 board before the spirits may be offered for sale at a qualifying
2 farmers market.

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

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

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

31 (5) The board must adopt rules to implement the alcohol server
32 permit requirement and may adopt additional rules to implement this
33 section.

34 (6) Distilling is an agricultural practice.

35 **Sec. 4.** RCW 66.24.520 and 2010 c 290 s 4 are each amended to
36 read as follows:

37 There shall be a grower's license to sell wine or spirits made
38 from grapes or other agricultural products owned at the time of
39 vinification or distillation by the licensee in bulk to holders of

1 domestic wineries', distillers', or manufacturers' licenses or for
2 export. The wine or spirits (~~shall~~) must be (~~made~~) produced or
3 manufactured upon the premises of a domestic winery or (~~craft~~)
4 distillery licensee and is referred to in this section as grower's
5 wine or grower's spirits. A grower's license authorizes the
6 agricultural product grower to contract for the manufacturing of wine
7 or spirits from the grower's own agricultural product, store wine or
8 spirits in bulk made from agricultural products produced by the
9 holder of this license, and to sell wine or spirits in bulk made from
10 the grower's own agricultural products to a winery or distillery in
11 the state of Washington or to export in bulk for sale out-of-state.
12 The annual fee for a grower's license shall be seventy-five dollars.
13 For the purpose of chapter 66.28 RCW, a grower licensee (~~shall be~~)
14 is deemed a manufacturer.

15 **Sec. 5.** RCW 66.24.630 and 2015 c 186 s 1 are each amended to
16 read as follows:

17 (1) There is a spirits retail license to: Sell spirits in
18 original containers to consumers for consumption off the licensed
19 premises and to permit holders; sell spirits in original containers
20 to retailers licensed to sell spirits for consumption on the
21 premises, for resale at their licensed premises according to the
22 terms of their licenses, although no single sale may exceed twenty-
23 four liters, unless the sale is by a licensee that was a contract
24 liquor store manager of a contract liquor store at the location of
25 its spirits retail licensed premises from which it makes such sales;
26 and export spirits.

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

32 (a) Maintain a schedule by stock-keeping unit of all their
33 purchases of spirits from spirits retail licensees, indicating the
34 identity of the seller and the quantities purchased; and

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

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

3 (ii) A distiller acting as distributor of the scheduled item in
4 the area.

5 (3)(a) Except as otherwise provided in (c) of this subsection,
6 the board may issue spirits retail licenses only for premises
7 comprising at least ten thousand square feet of fully enclosed retail
8 space within a single structure, including storerooms and other
9 interior auxiliary areas but excluding covered or fenced exterior
10 areas, whether or not attached to the structure, and only to
11 applicants that the board determines will maintain systems for
12 inventory management, employee training, employee supervision, and
13 physical security of the product substantially as effective as those
14 of stores currently operated by the board with respect to preventing
15 sales to or pilferage by underage or inebriated persons.

16 (b) License issuances and renewals are subject to RCW 66.24.010
17 and the regulations promulgated thereunder, including without
18 limitation rights of cities, towns, county legislative authorities,
19 the public, churches, schools, and public institutions to object to
20 or prevent issuance of local liquor licenses. However, existing
21 grocery premises licensed to sell beer and/or wine are deemed to be
22 premises "now licensed" under RCW 66.24.010(9)(a) for the purpose of
23 processing applications for spirits retail licenses.

24 (c) The board may not deny a spirits retail license to an
25 otherwise qualified contract liquor store at its contract location or
26 to the holder of former state liquor store operating rights sold at
27 auction under RCW 66.24.620 on the grounds of location, nature, or
28 size of the premises to be licensed. The board may not deny a spirits
29 retail license to applicants that are not contract liquor stores or
30 operating rights holders on the grounds of the size of the premises
31 to be licensed, if such applicant is otherwise qualified and the
32 board determines that:

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

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

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

39 (d) A retailer authorized to sell spirits for consumption on or
40 off the licensed premises may accept delivery of spirits at its

1 licensed premises, at another licensed premises as designated by the
2 retailer, or at one or more warehouse facilities registered with the
3 board, which facilities may also warehouse and distribute nonliquor
4 items, and from which the retailer may deliver to its own licensed
5 premises and, pursuant to sales permitted under subsection (1) of
6 this section:

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

9 (ii) To other registered facilities; or

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

14 (e) For purposes of negotiating volume discounts, a group of
15 individual retailers authorized to sell spirits for consumption off
16 the licensed premises may accept delivery of spirits at their
17 individual licensed premises or at any one of the individual
18 licensee's premises, or at a warehouse facility registered with the
19 board.

20 (4)(a) Except as otherwise provided in RCW 66.24.632, or in (b)
21 of this subsection, each spirits retail licensee must pay to the
22 board, for deposit into the liquor revolving fund, a license issuance
23 fee equivalent to seventeen percent of all spirits sales revenues
24 under the license, exclusive of taxes collected by the licensee and
25 of sales of items on which a license fee payable under this section
26 has otherwise been incurred. The board must establish rules setting
27 forth the timing of such payments and reporting of sales dollar
28 volume by the licensee, with payments required quarterly in arrears.
29 The first payment is due October 1, 2012.

30 (b) (~~This subsection (4) does not apply to craft distilleries.~~)
31 Distilleries licensed under RCW 66.24.140 are not considered spirits
32 retail licensees for purposes of this subsection (4).

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

1 (6) As a condition to receiving and renewing a spirits retail
2 license the licensee must provide training as prescribed by the board
3 by rule for individuals who sell spirits or who manage others who
4 sell spirits regarding compliance with laws and regulations regarding
5 sale of spirits, including without limitation the prohibitions
6 against sale of spirits to individuals who are underage or visibly
7 intoxicated. The training must be provided before the individual
8 first engages in the sale of spirits and must be renewed at least
9 every five years. The licensee must maintain records documenting the
10 nature and frequency of the training provided. An employee training
11 program is presumptively sufficient if it incorporates a "responsible
12 vendor program" promulgated by the board.

13 (7) The maximum penalties prescribed by the board in WAC
14 314-29-020 through 314-29-040 relating to fines and suspensions are
15 doubled for violations relating to the sale of spirits by spirits
16 retail licensees.

17 (8)(a) The board must promulgate regulations concerning the
18 adoption and administration of a compliance training program for
19 spirits retail licensees, to be known as a "responsible vendor
20 program," to reduce underage drinking, encourage licensees to adopt
21 specific best practices to prevent sales to minors, and provide
22 licensees with an incentive to give their employees ongoing training
23 in responsible alcohol sales and service.

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

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

30 (d) To participate in the responsible vendor program, licensees
31 must submit an application form to the board. If the application
32 establishes that the licensee meets the qualifications to join the
33 program, the board must send the licensee a membership certificate.

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

36 (i) Provide ongoing training to employees;

37 (ii) Accept only certain forms of identification for alcohol
38 sales;

39 (iii) Adopt policies on alcohol sales and checking
40 identification;

- 1 (iv) Post specific signs in the business; and
2 (v) Keep records verifying compliance with the program's
3 requirements.

4 **Sec. 6.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to
5 read as follows:

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

11 (2) Nothing in this section nor in RCW 66.28.305 prevents a
12 domestic brewery, microbrewery, distributor, domestic winery,
13 distiller, certificate of approval holder, or importer from
14 furnishing samples of beer, wine, or spirituous liquor to authorized
15 licensees for the purpose of negotiating a sale, in accordance with
16 regulations adopted by the liquor and cannabis board, provided that
17 the samples are subject to taxes imposed by RCW 66.24.290 and
18 66.24.210(~~(+)~~).

19 (3) Nothing in this section prevents a domestic brewery,
20 microbrewery, domestic winery, distillery, certificate of approval
21 holder, or distributor from furnishing beer, wine, or spirituous
22 liquor for instructional purposes under RCW 66.28.150(~~(+)~~).

23 (4) Nothing in this section prevents a domestic winery,
24 certificate of approval holder, or distributor from furnishing wine
25 without charge, subject to the taxes imposed by RCW 66.24.210, to a
26 not-for-profit group organized and operated solely for the purpose of
27 enology or the study of viticulture which has been in existence for
28 at least six months and that uses wine so furnished solely for such
29 educational purposes or a domestic winery, or an out-of-state
30 certificate of approval holder, from furnishing wine without charge
31 or a domestic brewery, or an out-of-state certificate of approval
32 holder, from furnishing beer without charge, subject to the taxes
33 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
34 licensed under RCW 66.24.140 or an accredited representative of a
35 distiller, manufacturer, importer, or distributor of spirituous
36 liquor licensed under RCW 66.24.310, from furnishing spirits without
37 charge, to a nonprofit charitable corporation or association exempt
38 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal

1 revenue code of 1986 for use consistent with the purpose or purposes
2 entitling it to such exemption((+)).

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

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

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

10 (8) Nothing in this section prevents a ((craft)) distillery from
11 serving spirits, on the distillery premises subject to RCW 66.24.145.

12 **Sec. 7.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read
13 as follows:

14 Nothing in RCW 66.28.290 ((shall)) prohibits:

15 (1) A licensed domestic brewery or microbrewery from being
16 licensed as a retailer pursuant to chapter 66.24 RCW for the purpose
17 of selling beer or wine at retail on the brewery premises and at one
18 additional off-site retail only location.

19 (2) A domestic winery from being licensed as a retailer pursuant
20 to chapter 66.24 RCW for the purpose of selling beer or wine at
21 retail on the winery premises. Such beer and wine so sold at retail
22 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210
23 and to reporting and bonding requirements as prescribed by
24 regulations adopted by the board pursuant to chapter 34.05 RCW, and
25 beer and wine that is not produced by the brewery or winery shall be
26 purchased from a licensed beer or wine distributor.

27 (3) A microbrewery holding a beer and/or wine restaurant license
28 under RCW 66.24.320 from holding the same privileges and endorsements
29 attached to the beer and/or wine restaurant license.

30 (4) A licensed ((craft)) distillery from selling spirits of its
31 own production under RCW 66.24.145.

32 (5) A licensed distiller, domestic brewery, microbrewery,
33 domestic winery, or a lessee of a licensed domestic brewer,
34 microbrewery, or domestic winery, from being licensed as a spirits,
35 beer, and wine restaurant pursuant to chapter 66.24 RCW for the
36 purpose of selling liquor at a spirits, beer, and wine restaurant
37 premises on the property on which the primary manufacturing facility
38 of the licensed distiller, domestic brewer, microbrewery, or domestic
39 winery is located or on contiguous property owned or leased by the

1 licensed distiller, domestic brewer, microbrewery, or domestic winery
2 as prescribed by rules adopted by the board pursuant to chapter 34.05
3 RCW.

4 (6) A microbrewery holding a spirits, beer, and wine restaurant
5 license under RCW 66.24.420 from holding the same privileges and
6 endorsements attached to the spirits, beer, and wine restaurant
7 license.

8 (7) A brewery or microbrewery holding a spirits, beer, and wine
9 restaurant license or a beer and/or wine license under chapter 66.24
10 RCW operated on the premises of the brewery or microbrewery from
11 holding a second retail only license at a location separate from the
12 premises of the brewery or microbrewery.

13 (8) Retail licensees with a caterer's endorsement issued under
14 RCW 66.24.320 or 66.24.420 from operating on a domestic winery
15 premises.

16 (9) An organization qualifying under RCW 66.24.375 formed for the
17 purpose of constructing and operating a facility to promote
18 Washington wines from holding retail licenses on the facility
19 property or leasing all or any portion of such facility property to a
20 retail licensee on the facility property if the members of the board
21 of directors or officers of the board for the organization include
22 officers, directors, owners, or employees of a licensed domestic
23 winery. Financing for the construction of the facility must include
24 both public and private money.

25 (10) A bona fide charitable nonprofit society or association
26 registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal
27 internal revenue code, or a local wine industry association
28 registered under Title 26 U.S.C. Sec. 501(c)(6) of the federal
29 internal revenue code as it existed on July 22, 2007, and having an
30 officer, director, owner, or employee of a licensed domestic winery
31 or a wine certificate of approval holder on its board of directors
32 from holding a special occasion license under RCW 66.24.380.

33 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or
34 66.24.244 from exercising the privileges of distributing and selling
35 at retail such person's own production or from exercising any other
36 right or privilege that attaches to such license.

37 (12) A person holding a certificate of approval pursuant to RCW
38 66.24.206 from obtaining an endorsement to act as a distributor of
39 their own product or from shipping their own product directly to
40 consumers as authorized by RCW 66.20.360.

1 (13) A person holding a wine shipper's permit pursuant to RCW
2 66.20.375 from shipping their own product directly to consumers.

3 (14) A person holding a certificate of approval pursuant to RCW
4 66.24.270(2) from obtaining an endorsement to act as a distributor of
5 their own product.

6 (15) A domestic winery and a restaurant licensed under RCW
7 66.24.320 or 66.24.400 from entering an arrangement to waive a
8 corkage fee.

9 NEW SECTION. **Sec. 8.** This act takes effect January 1, 2018.

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