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HOUSE BILL 2573

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State of Washington                      65th Legislature                      2018 Regular Session

By Representatives Kloba, Sawyer, Reeves, Springer, and Ryu

Read first time 01/10/18.      Referred to Committee on Commerce & Gaming.

1            AN ACT Relating to alcohol server permits; amending RCW 66.24.170  
2            and 66.24.244; and reenacting and amending RCW 66.24.240.

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

4            **Sec. 1.**    RCW 66.24.170 and 2017 c 238 s 1 are each amended to  
5            read as follows:

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

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

12           (3) Any domestic winery licensed under this section may also act  
13           as a retailer of wine of its own production. Any domestic winery  
14           licensed under this section may act as a distributor of its own  
15           production. Notwithstanding any language in this title to the  
16           contrary, a domestic winery may use a common carrier to deliver up to  
17           one hundred cases of its own production, in the aggregate, per month  
18           to licensed Washington retailers. A domestic winery may not arrange  
19           for any such common carrier shipments to licensed retailers of wine  
20           not of its own production. Except as provided in this section, any  
21           winery operating as a distributor and/or retailer under this

1 subsection must comply with the applicable laws and rules relating to  
2 distributors and/or retailers, except that a winery operating as a  
3 distributor may maintain a warehouse off the premises of the winery  
4 for the distribution of wine of its own production provided that: (a)  
5 The warehouse has been approved by the board under RCW 66.24.010; and  
6 (b) the number of warehouses off the premises of the winery does not  
7 exceed one. Any person selling or serving wine at a domestic winery  
8 for on-premises consumption must obtain a class 12 or class 13  
9 alcohol server permit.

10 (4) A domestic winery licensed under this section, at locations  
11 separate from any of its production or manufacturing sites, may serve  
12 samples of its own products, with or without charge, may sell wine of  
13 its own production at retail, and may sell for off-premises  
14 consumption wines of its own production in kegs or sanitary  
15 containers meeting the applicable requirements of federal law brought  
16 to the premises by the purchaser or furnished by the licensee and  
17 filled at the tap at the time of sale, provided that: (a) Each  
18 additional location has been approved by the board under RCW  
19 66.24.010; (b) the total number of additional locations does not  
20 exceed four; (c) a winery may not act as a distributor at any such  
21 additional location; and (d) any person selling or serving wine at an  
22 additional location for on-premises consumption must obtain a class  
23 12 or class 13 alcohol server permit. Each additional location is  
24 deemed to be part of the winery license for the purpose of this  
25 title. At additional locations operated by multiple wineries under  
26 this section, if the board cannot connect a violation of RCW  
27 66.44.200 or 66.44.270 to a single licensee, the board may hold all  
28 licensees operating the additional location jointly liable. Nothing  
29 in this subsection may be construed to prevent a domestic winery from  
30 holding multiple domestic winery licenses.

31 (5)(a) A domestic winery licensed under this section may apply to  
32 the board for an endorsement to sell wine 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. An  
35 endorsement issued pursuant to this subsection does not count toward  
36 the four additional retail locations limit specified in this section.

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

1 the board before the winery may offer wine for sale at a qualifying  
2 farmers market.

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

6 (d) Each approved location in a qualifying farmers market is  
7 deemed to be part of the winery license for the purpose of this  
8 title. The approved locations under an endorsement granted under this  
9 subsection include tasting or sampling privileges subject to the  
10 conditions pursuant to RCW 66.24.175. The winery may not store wine  
11 at a farmers market beyond the hours that the winery offers bottled  
12 wine for sale. The winery may not act as a distributor from a farmers  
13 market location.

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

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

33 (g) For the purposes of this subsection:

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

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

1 (B) The total combined gross annual sales of vendors who are  
2 farmers exceeds the total combined gross annual sales of vendors who  
3 are processors or resellers. However, if a farmers market does not  
4 satisfy this subsection (5)(g)(i)(B), a farmers market is still  
5 considered a "qualifying farmers market" if the total combined gross  
6 annual sales of farmers and processors at the farmers market is one  
7 million dollars or more;

8 (C) The total combined gross annual sales of vendors who are  
9 farmers, processors, or resellers exceeds the total combined gross  
10 annual sales of vendors who are not farmers, processors, or  
11 resellers;

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

14 (E) No vendor is a franchisee.

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

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

23 (iv) "Reseller" means a natural person who buys agricultural  
24 products from a farmer and resells the products directly to the  
25 consumer.

26 (6) Wine produced in Washington state by a domestic winery  
27 licensee may be shipped out-of-state for the purpose of making it  
28 into sparkling wine and then returned to such licensee for resale.  
29 Such wine is deemed wine manufactured in the state of Washington for  
30 the purposes of RCW 66.24.206, and (~~shall~~) may not require a  
31 special license.

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

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

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

1 (c) The domestic winery delivers wine to the consumer at a  
2 location different from the location at which the special occasion  
3 event is held;

4 (d) The domestic winery complies with all requirements in chapter  
5 66.20 RCW for direct sale of wine to consumers;

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

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

12 **Sec. 2.** RCW 66.24.240 and 2011 c 195 s 6 and 2011 c 119 s 212  
13 are each reenacted and amended to read as follows:

14 (1) There shall be a license for domestic breweries; fee to be  
15 two thousand dollars for production of sixty thousand barrels or more  
16 of malt liquor per year.

17 (2) Any domestic brewery, except for a brand owner of malt  
18 beverages under RCW 66.04.010(7), licensed under this section may  
19 also act as a distributor and/or retailer for beer of its own  
20 production. Any domestic brewery operating as a distributor and/or  
21 retailer under this subsection shall comply with the applicable laws  
22 and rules relating to distributors and/or retailers. Any person  
23 selling or serving beer at a domestic brewery for on-premises  
24 consumption must obtain a class 12 or class 13 alcohol server permit.  
25 A domestic brewery holding a spirits, beer, and wine restaurant  
26 license may sell beer of its own production for off-premises  
27 consumption from its restaurant premises in kegs or in a sanitary  
28 container brought to the premises by the purchaser or furnished by  
29 the licensee and filled at the tap by the licensee at the time of  
30 sale.

31 (3) Any domestic brewery licensed under this section may also  
32 sell beer produced by another domestic brewery or a microbrewery for  
33 on and off-premises consumption from its premises as long as the  
34 other breweries' brands do not exceed twenty-five percent of the  
35 domestic brewery's on-tap offering of its own brands.

36 (4) A domestic brewery may hold up to two retail licenses to  
37 operate an on or (~~off-premise~~ [~~off-premises~~]) off-premises tavern,  
38 beer and/or wine restaurant, or spirits, beer, and wine restaurant.  
39 This retail license is separate from the brewery license. A brewery

1 that holds a tavern license, a spirits, beer, and wine restaurant  
2 license, or a beer and/or wine restaurant license shall hold the same  
3 privileges and endorsements as permitted under RCW 66.24.320,  
4 66.24.330, and 66.24.420.

5 (5) Any domestic brewery licensed under this section may  
6 contract-produce beer for a brand owner of malt beverages defined  
7 under RCW 66.04.010(7), and this contract-production is not a sale  
8 for the purposes of RCW 66.28.170 and 66.28.180.

9 (6)(a) A domestic brewery licensed under this section and  
10 qualified for a reduced rate of taxation pursuant to RCW  
11 66.24.290(3)(b) may apply to the board for an endorsement to sell  
12 bottled beer of its own production at retail for off-premises  
13 consumption at a qualifying farmers market. The annual fee for this  
14 endorsement is seventy-five dollars.

15 (b) For each month during which a domestic brewery will sell beer  
16 at a qualifying farmers market, the domestic brewery must provide the  
17 board or its designee a list of the dates, times, and locations at  
18 which bottled beer may be offered for sale. This list must be  
19 received by the board before the domestic brewery may offer beer for  
20 sale at a qualifying farmers market.

21 (c) The beer sold at qualifying farmers markets must be produced  
22 in Washington.

23 (d) Each approved location in a qualifying farmers market is  
24 deemed to be part of the domestic brewery license for the purpose of  
25 this title. The approved locations under an endorsement granted under  
26 this subsection do not include the tasting or sampling privilege of a  
27 domestic brewery. The domestic brewery may not store beer at a  
28 farmers market beyond the hours that the domestic brewery offers  
29 bottled beer for sale. The domestic brewery may not act as a  
30 distributor from a farmers market location.

31 (e) Before a domestic brewery may sell bottled beer at a  
32 qualifying farmers market, the farmers market must apply to the board  
33 for authorization for any domestic brewery with an endorsement  
34 approved under this subsection to sell bottled beer at retail at the  
35 farmers market. This application shall include, at a minimum: (i) A  
36 map of the farmers market showing all booths, stalls, or other  
37 designated locations at which an approved domestic brewery may sell  
38 bottled beer; and (ii) the name and contact information for the on-  
39 site market managers who may be contacted by the board or its  
40 designee to verify the locations at which bottled beer may be sold.

1 Before authorizing a qualifying farmers market to allow an approved  
2 domestic brewery to sell bottled beer at retail at its farmers market  
3 location, the board shall notify the persons or entities of such  
4 application for authorization pursuant to RCW 66.24.010 (8) and (9).  
5 An authorization granted under this subsection (6)(e) may be  
6 withdrawn by the board for any violation of this title or any rules  
7 adopted under this title.

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

11 (g) For the purposes of this subsection:

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

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

19 (B) The total combined gross annual sales of vendors who are  
20 farmers exceeds the total combined gross annual sales of vendors who  
21 are processors or resellers;

22 (C) The total combined gross annual sales of vendors who are  
23 farmers, processors, or resellers exceeds the total combined gross  
24 annual sales of vendors who are not farmers, processors, or  
25 resellers;

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

28 (E) No vendor is a franchisee.

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

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

37 (iv) "Reseller" means a natural person who buys agricultural  
38 products from a farmer and resells the products directly to the  
39 consumer.

1       **Sec. 3.** RCW 66.24.244 and 2015 c 42 s 1 are each amended to read  
2 as follows:

3       (1) There shall be a license for microbreweries; fee to be one  
4 hundred dollars for production of less than sixty thousand barrels of  
5 malt liquor, including strong beer, per year.

6       (2)(a) Any microbrewery licensed under this section may also act  
7 as a distributor and/or retailer for beer and strong beer of its own  
8 production.

9       (b) Any microbrewery operating as a distributor and/or retailer  
10 under this subsection must comply with the applicable laws and rules  
11 relating to distributors and/or retailers, except that a microbrewery  
12 operating as a distributor may maintain a warehouse off the premises  
13 of the microbrewery for the distribution of beer provided that:

14       (i) The warehouse has been approved by the board under RCW  
15 66.24.010; and

16       (ii) The number of warehouses off the premises of the  
17 microbrewery does not exceed one.

18       (c) Any person selling or serving beer or cider at a microbrewery  
19 for on-premises consumption must obtain a class 12 or class 13  
20 alcohol server permit.

21       (d) A microbrewery holding a spirits, beer, and wine restaurant  
22 license may sell beer of its own production for off-premises  
23 consumption from its restaurant premises in kegs or in a sanitary  
24 container brought to the premises by the purchaser or furnished by  
25 the licensee and filled at the tap by the licensee at the time of  
26 sale.

27       (3) Any microbrewery licensed under this section may also sell  
28 from its premises for on-premises and off-premises consumption:

29       (a) Beer produced by another microbrewery or a domestic brewery  
30 as long as the other breweries' brands do not exceed twenty-five  
31 percent of the microbrewery's on-tap offerings; or

32       (b) Cider produced by a domestic winery.

33       (4) The board may issue up to two retail licenses allowing a  
34 microbrewery to operate an on or off-premises tavern, beer and/or  
35 wine restaurant, or spirits, beer, and wine restaurant.

36       (5) A microbrewery that holds a tavern license, spirits, beer,  
37 and wine restaurant license, or a beer and/or wine restaurant license  
38 holds the same privileges and endorsements as permitted under RCW  
39 66.24.320, 66.24.330, and 66.24.420.



1 (6)(a) A microbrewery licensed under this section may apply to  
2 the board for an endorsement to sell bottled beer of its own  
3 production at retail for off-premises consumption at a qualifying  
4 farmers market. The annual fee for this endorsement is seventy-five  
5 dollars. However, strong beer may not be sold at a farmers market or  
6 under any endorsement which may authorize microbreweries to sell beer  
7 at farmers markets.

8 (b) For each month during which a microbrewery will sell beer at  
9 a qualifying farmers market, the microbrewery must provide the board  
10 or its designee a list of the dates, times, and locations at which  
11 bottled beer may be offered for sale. This list must be received by  
12 the board before the microbrewery may offer beer for sale at a  
13 qualifying farmers market.

14 (c) Any person selling or serving beer must obtain a class 12 or  
15 class 13 alcohol server permit.

16 (d) The beer sold at qualifying farmers markets must be produced  
17 in Washington.

18 (e) Each approved location in a qualifying farmers market is  
19 deemed to be part of the microbrewery license for the purpose of this  
20 title. The approved locations under an endorsement granted under this  
21 subsection (6) include tasting or sampling privileges subject to the  
22 conditions pursuant to RCW 66.24.175. The microbrewery may not store  
23 beer at a farmers market beyond the hours that the microbrewery  
24 offers bottled beer for sale. The microbrewery may not act as a  
25 distributor from a farmers market location.

26 (f) Before a microbrewery may sell bottled beer at a qualifying  
27 farmers market, the farmers market must apply to the board for  
28 authorization for any microbrewery with an endorsement approved under  
29 this subsection (6) to sell bottled beer at retail at the farmers  
30 market. This application must include, at a minimum: (i) A map of the  
31 farmers market showing all booths, stalls, or other designated  
32 locations at which an approved microbrewery may sell bottled beer;  
33 and (ii) the name and contact information for the on-site market  
34 managers who may be contacted by the board or its designee to verify  
35 the locations at which bottled beer may be sold. Before authorizing a  
36 qualifying farmers market to allow an approved microbrewery to sell  
37 bottled beer at retail at its farmers market location, the board must  
38 notify the persons or entities of the application for authorization  
39 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under

1 this subsection (6)(f) may be withdrawn by the board for any  
2 violation of this title or any rules adopted under this title.

3 (g) The board may adopt rules establishing the application and  
4 approval process under this section and any additional rules  
5 necessary to implement this section.

6 (h) For the purposes of this subsection (6):

7 (i) "Qualifying farmers market" has the same meaning as defined  
8 in RCW 66.24.170.

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

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

17 (iv) "Reseller" means a natural person who buys agricultural  
18 products from a farmer and resells the products directly to the  
19 consumer.

20 (7) Any microbrewery licensed under this section may  
21 contract-produce beer for another microbrewer. This contract-  
22 production is not a sale for the purposes of RCW 66.28.170 and  
23 66.28.180.

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