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**SUBSTITUTE HOUSE BILL 2609**

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**State of Washington**

**65th Legislature**

**2018 Regular Session**

**By** House Commerce & Gaming (originally sponsored by Representatives Tarleton, Young, Vick, Caldier, and Sullivan)

READ FIRST TIME 02/02/18.

1 AN ACT Relating to modernizing and clarifying in-state distilled  
2 spirits production licenses and fees; amending RCW 66.04.010,  
3 66.24.140, 66.24.520, 66.24.630, 66.28.040, 66.28.295, 66.20.410,  
4 66.20.010, 66.28.310, 66.24.175, 66.24.055, 66.24.695, and 66.24.640;  
5 adding a new section to chapter 66.24 RCW; repealing RCW 66.24.145;  
6 and providing an effective date.

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

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

10 ~~((In this title, unless the context otherwise requires:))~~ The  
11 definitions in this section apply throughout this title unless the  
12 context clearly requires otherwise.

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

1 (2) "Authorized representative" means a person who:  
2 (a) Is required to have a federal basic permit issued pursuant to  
3 the federal alcohol administration act, 27 U.S.C. Sec. 204;  
4 (b) Has its business located in the United States outside of the  
5 state of Washington;  
6 (c) Acquires ownership of beer or wine for transportation into  
7 and resale in the state of Washington; and which beer or wine is  
8 produced by a brewery or winery in the United States outside of the  
9 state of Washington; and  
10 (d) Is appointed by the brewery or winery referenced in (c) of  
11 this subsection as its authorized representative for marketing and  
12 selling its products within the United States in accordance with a  
13 written agreement between the authorized representative and such  
14 brewery or winery pursuant to this title.  
15 (3) "Beer" means any malt beverage, flavored malt beverage, or  
16 malt liquor as these terms are defined in this chapter.  
17 (4) "Beer distributor" means a person who buys beer from a  
18 domestic brewery, microbrewery, beer certificate of approval holder,  
19 or beer importers, or who acquires foreign produced beer from a  
20 source outside of the United States, for the purpose of selling the  
21 same pursuant to this title, or who represents such brewer or brewery  
22 as agent.  
23 (5) "Beer importer" means a person or business within Washington  
24 who purchases beer from a beer certificate of approval holder or who  
25 acquires foreign produced beer from a source outside of the United  
26 States for the purpose of selling the same pursuant to this title.  
27 (6) "Board" means the liquor (~~control~~) and cannabis board,  
28 constituted under this title.  
29 (7) "Brewer" or "brewery" means any person engaged in the  
30 business of manufacturing beer and malt liquor. Brewer includes a  
31 brand owner of malt beverages who holds a brewer's notice with the  
32 federal bureau of alcohol, tobacco, and firearms at a location  
33 outside the state and whose malt beverage is contract-produced by a  
34 licensed in-state brewery, and who may exercise within the state,  
35 under a domestic brewery license, only the privileges of storing,  
36 selling to licensed beer distributors, and exporting beer from the  
37 state.  
38 (8) "Club" means an organization of persons, incorporated or  
39 unincorporated, operated solely for fraternal, benevolent,

1 educational, athletic, or social purposes, and not for pecuniary  
2 gain.

3 (9) "Confection" means a preparation of sugar, honey, or other  
4 natural or artificial sweeteners in combination with chocolate,  
5 fruits, nuts, dairy products, or flavorings, in the form of bars,  
6 drops, or pieces.

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

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

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

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

17 (~~(14) "Distiller" means a person engaged in the business of~~  
18 ~~distilling spirits.~~) (13) "Distilled spirits brand owner" means a  
19 person or entity licensed under this title whose primary business is  
20 the marketing of one or more brands of distilled spirits without  
21 being substantially involved in the distillation, redistillation,  
22 rectification, blending, flavoring or merchant bottling of such  
23 spirits. The board shall establish rules for what constitutes being  
24 "substantially involved."

25 (14) "Distilled spirits producer" means a person whose primary  
26 business is distilling, redistilling, rectifying, blending, bottling,  
27 and warehousing of distilled spirits, as allowed in this chapter.

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

30 (16) "Domestic winery" means a place where wines are manufactured  
31 or produced within the state of Washington.

32 (17) "Drug store" means a place whose principal business is, the  
33 sale of drugs, medicines, and pharmaceutical preparations and  
34 maintains a regular prescription department and employs a registered  
35 pharmacist during all hours the drug store is open.

36 (18) "Druggist" means any person who holds a valid certificate  
37 and is a registered pharmacist and is duly and regularly engaged in  
38 carrying on the business of pharmaceutical chemistry pursuant to  
39 chapter 18.64 RCW.

40 (19) "Employee" means any person employed by the board.

1 (20) "Flavored malt beverage" means:

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

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

10 (21) "Fund" means 'liquor revolving fund.'

11 (22) "Hotel" means buildings, structures, and grounds, having  
12 facilities for preparing, cooking, and serving food, that are kept,  
13 used, maintained, advertised, or held out to the public to be a place  
14 where food is served and sleeping accommodations are offered for pay  
15 to transient guests, in which twenty or more rooms are used for the  
16 sleeping accommodation of such transient guests. The buildings,  
17 structures, and grounds must be located on adjacent property either  
18 owned or leased by the same person or persons.

19 (23) "Importer" means a person who buys distilled spirits from a  
20 distillery outside the state of Washington and imports such  
21 spirituous liquor into the state for sale to the board or for export.

22 (24) "Imprisonment" means confinement in the county jail.

23 (25) "Liquor" includes the four varieties of liquor herein  
24 defined (alcohol, spirits, wine, and beer), and all fermented,  
25 spirituous, vinous, or malt liquor, or combinations thereof, and  
26 mixed liquor, a part of which is fermented, spirituous, vinous or  
27 malt liquor, or otherwise intoxicating; and every liquid or solid or  
28 semisolid or other substance, patented or not, containing alcohol,  
29 spirits, wine, or beer, and all drinks or drinkable liquids and all  
30 preparations or mixtures capable of human consumption, and any  
31 liquid, semisolid, solid, or other substance, which contains more  
32 than one percent of alcohol by weight shall be conclusively deemed to  
33 be intoxicating. Liquor does not include confections or food products  
34 that contain one percent or less of alcohol by weight.

35 (26) "Malt beverage" or "malt liquor" means any beverage such as  
36 beer, ale, lager beer, stout, and porter obtained by the alcoholic  
37 fermentation of an infusion or decoction of pure hops, or pure  
38 extract of hops and pure barley malt or other wholesome grain or  
39 cereal in pure water containing not more than eight percent of  
40 alcohol by weight, and not less than one-half of one percent of

1 alcohol by volume. For the purposes of this title, any such beverage  
2 containing more than eight percent of alcohol by weight shall be  
3 referred to as "strong beer."

4 (27) "Manufacturer" means a person engaged in the preparation of  
5 liquor for sale, in any form whatsoever.

6 (28) "Merchant bottler" means a person or entity whose primary  
7 business is to purchase distilled spirits in bulk from licensed  
8 distilled spirits producers for rectifying, diluting, blending, or  
9 flavoring such spirits and then packing the finished products into  
10 consumer bottles or packages without substantial additional  
11 distillation or redistillation by the licensee. For purposes of this  
12 subsection both of the following licensees are deemed to be merchant  
13 bottlers: (a) A licensee who does not own a still capable of  
14 producing at least fifty percent of the licensee's annual finished  
15 product volume sold through its in-state tasting rooms, inclusive of  
16 all the required heating and cooling apparatuses needed to properly  
17 operate the still; or (b) a licensee who distills or redistills less  
18 than twenty percent of the equivalent total volume of distilled  
19 spirits it bottles on an annual basis for sale in its in-state  
20 tasting rooms.

21 (29) "Nightclub" means an establishment that provides  
22 entertainment and has as its primary source of revenue (a) the sale  
23 of alcohol for consumption on the premises, (b) cover charges, or (c)  
24 both.

25 ~~((+29+))~~ (30) "Package" means any container or receptacle used  
26 for holding liquor.

27 ~~((+30+))~~ (31) "Passenger vessel" means any boat, ship, vessel,  
28 barge, or other floating craft of any kind carrying passengers for  
29 compensation.

30 ~~((+31+))~~ (32) "Permit" means a permit for the purchase of liquor  
31 under this title.

32 ~~((+32+))~~ (33) "Person" means an individual, copartnership,  
33 association, or corporation.

34 ~~((+33+))~~ (34) "Physician" means a medical practitioner duly and  
35 regularly licensed and engaged in the practice of his or her  
36 profession within the state pursuant to chapter 18.71 RCW.

37 ~~((+34+))~~ (35) "Powdered alcohol" means any powder or crystalline  
38 substance containing alcohol that is produced for direct use or  
39 reconstitution.

1        ~~((35))~~ (36) "Prescription" means a memorandum signed by a  
2 physician and given by him or her to a patient for the obtaining of  
3 liquor pursuant to this title for medicinal purposes.

4        ~~((36))~~ (37) "Public place" includes streets and alleys of  
5 incorporated cities and towns; state or county or township highways  
6 or roads; buildings and grounds used for school purposes; public  
7 dance halls and grounds adjacent thereto; those parts of  
8 establishments where beer may be sold under this title, soft drink  
9 establishments, public buildings, public meeting halls, lobbies,  
10 halls and dining rooms of hotels, restaurants, theatres, stores,  
11 garages and filling stations (~~which~~) that are open to and are  
12 generally used by the public and to which the public is permitted to  
13 have unrestricted access; railroad trains, stages, and other public  
14 conveyances of all kinds and character, and the depots and waiting  
15 rooms used in conjunction therewith which are open to unrestricted  
16 use and access by the public; publicly owned bathing beaches, parks,  
17 and/or playgrounds; and all other places of like or similar nature to  
18 which the general public has unrestricted right of access, and which  
19 are generally used by the public.

20        ~~((37))~~ (38) "Regulations" means regulations made by the board  
21 under the powers conferred by this title.

22        ~~((38))~~ (39) "Restaurant" means any establishment provided with  
23 special space and accommodations where, in consideration of payment,  
24 food, without lodgings, is habitually furnished to the public, not  
25 including drug stores and soda fountains.

26        ~~((39))~~ (40) "Sale" and "sell" include exchange, barter, and  
27 traffic; and also include the selling or supplying or distributing,  
28 by any means whatsoever, of liquor, or of any liquid known or  
29 described as beer or by any name whatever commonly used to describe  
30 malt or brewed liquor or of wine, by any person to any person; and  
31 also include a sale or selling within the state to a foreign  
32 consignee or his or her agent in the state. "Sale" and "sell"  
33 (~~shall~~) do not include the giving, at no charge, of a reasonable  
34 amount of liquor by a person not licensed by the board to a person  
35 not licensed by the board, for personal use only. "Sale" and "sell"  
36 also does not include a raffle authorized under RCW 9.46.0315(~~÷~~  
37 ~~PROVIDED, That~~). However, the nonprofit organization conducting the  
38 raffle has obtained the appropriate permit from the board.

39        ~~((40))~~ (41) "Service bar" means a fixed or portable table,  
40 counter, cart, or similar work station primarily used to prepare,

1 mix, serve, and sell alcohol that is picked up by employees or  
2 customers. Customers may not be seated or allowed to consume food or  
3 alcohol at a service bar.

4 ~~((41))~~ (42) "Soda fountain" means a place especially equipped  
5 with apparatus for the purpose of dispensing soft drinks, whether  
6 mixed or otherwise.

7 ~~((42))~~ (43) "Spirits" means any beverage which contains alcohol  
8 obtained by distillation, except flavored malt beverages, but  
9 including wines exceeding twenty-four percent of alcohol by volume.

10 ~~((43))~~ (44) "Store" means a state liquor store established  
11 under this title.

12 ~~((44))~~ (45) "Tavern" means any establishment with special space  
13 and accommodation for sale by the glass and for consumption on the  
14 premises, of beer, as herein defined.

15 ~~((45))~~ (46) "VIP airport lounge" means an establishment within  
16 an international airport located beyond security checkpoints that  
17 provides a special space to sit, relax, read, work, and enjoy  
18 beverages where access is controlled by the VIP airport lounge  
19 operator and is generally limited to the following classifications of  
20 persons:

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

23 (b) Airline passengers of any age who are qualified members or  
24 allowed guests of certain frequent flyer or other loyalty incentive  
25 programs maintained by airlines that have agreements describing the  
26 conditions for access to the VIP airport lounge;

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

31 (d) Airport and airline employees, government officials, foreign  
32 dignitaries, and other attendees of functions held by the airport  
33 authority or airlines related to the promotion of business objectives  
34 such as increasing international air traffic and enhancing foreign  
35 trade where access to the VIP airport lounge will be controlled by  
36 the VIP airport lounge operator; and

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

1       (~~(46)~~) (47) "VIP airport lounge operator" means an airline,  
2 port district, or other entity operating a VIP airport lounge that:  
3 Is accountable for compliance with the alcohol beverage control act  
4 under this title; holds the license under chapter 66.24 RCW issued to  
5 the VIP airport lounge; and provides a point of contact for  
6 addressing any licensing and enforcement by the board.

7       (~~(47)~~) (48)(a) "Wine" means any alcoholic beverage obtained by  
8 fermentation of fruits (grapes, berries, apples, et cetera) or other  
9 agricultural product containing sugar, to which any saccharine  
10 substances may have been added before, during or after fermentation,  
11 and containing not more than twenty-four percent of alcohol by  
12 volume, including sweet wines fortified with wine spirits, such as  
13 port, sherry, muscatel, and angelica, not exceeding twenty-four  
14 percent of alcohol by volume and not less than one-half of one  
15 percent of alcohol by volume. For purposes of this title, any  
16 beverage containing no more than fourteen percent of alcohol by  
17 volume when bottled or packaged by the manufacturer (~~shall be~~) are  
18 referred to as "table wine," and any beverage containing alcohol in  
19 an amount more than fourteen percent by volume when bottled or  
20 packaged by the manufacturer (~~shall be~~) are referred to as  
21 "fortified wine." However, "fortified wine" (~~shall~~) does not  
22 include: (i) Wines that are both sealed or capped by cork closure and  
23 aged two years or more; and (ii) wines that contain more than  
24 fourteen percent alcohol by volume solely as a result of the natural  
25 fermentation process and that have not been produced with the  
26 addition of wine spirits, brandy, or alcohol.

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

30       (~~(48)~~) (49) "Wine distributor" means a person who buys wine  
31 from a domestic winery, wine certificate of approval holder, or wine  
32 importer, or who acquires foreign produced wine from a source outside  
33 of the United States, for the purpose of selling the same not in  
34 violation of this title, or who represents such vintner or winery as  
35 agent.

36       (~~(49)~~) (50) "Wine importer" means a person or business within  
37 Washington who purchases wine from a wine certificate of approval  
38 holder or who acquires foreign produced wine from a source outside of  
39 the United States for the purpose of selling the same pursuant to  
40 this title.



1        ~~((50))~~ (51) "Winery" means a business conducted by any person  
2 for the manufacture of wine for sale, other than a domestic winery.

3        **Sec. 2.** 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))~~ an operational premises license for manufacturers in this  
13 state who distill, redistill, rectify, age, blend, flavor, bottle,  
14 merchant bottle, or market as a distilled spirits brand owner,  
15 depending on the type of additional license held. The fee for an  
16 operational premises license is one hundred dollars per licensed  
17 operational premises facility per annum. An operational premises  
18 license must be held in combination with a distilled spirits producer  
19 license, a distilled spirits brand owner license, or a merchant  
20 bottler license, and any permits or authorizations required of the  
21 licensee by the federal alcohol and tobacco tax and trade bureau or  
22 other federal government agencies.

23        (a) Each facility licensed under this subsection (1) may apply  
24 for one of the following licenses, each with its own additional  
25 rights, limitations, endorsements, and associated fees:

26        (i) For distilled spirits producers producing ten thousand proof  
27 gallons or less of spirits in a year the license fee is three hundred  
28 dollars per annum; for distilled spirits producers producing more  
29 than ten thousand proof gallons but not more than one hundred  
30 thousand proof gallons in a year the fee is one thousand dollars per  
31 annum; and for distilled spirits producers producing more than one  
32 hundred thousand proof gallons in a year the fee is five thousand  
33 dollars per annum. A distilled spirits producer has an obligation to  
34 distill or redistill no less than one-half of the stock keeping units  
35 of product that are traditionally made through distillation or  
36 redistillation of its own production and that it sells in its in-  
37 state tasting rooms or to in-state retailers or in-state distributors  
38 under its own brand. There is no limit on the types of products  
39 allowed to be produced by a distilled spirits producer, provided all

1 products produced meet federal requirements. The license and  
2 designation also allows the licensee to distill, redistill, rectify,  
3 blend, flavor, bottle, or merchant bottle distilled spirits under  
4 contract for another entity entitled to purchase or resell such  
5 spirits, or to produce distilled spirits for a merchant bottler or  
6 distilled spirits brand owner. The requirements and calculations for  
7 distillation or redistillation do not apply against finished  
8 distilled spirits products that can be produced via other traditional  
9 methods, such as but not limited to liqueurs or cordials. Licensees  
10 who held a valid in-state "distillery" or "craft distillery" license  
11 on the day before the effective date of this section, as those terms  
12 were defined prior to the effective date of this section, must  
13 automatically be granted the licenses, endorsements, and privileges  
14 afforded under this act so long as they can demonstrate to the board  
15 that they otherwise meet the definitions required under this section.  
16 Only licensed distilled spirits producers may use the word "craft" on  
17 a spirits product's label, package, or in the brand or company's  
18 name.

19 (A) In addition to the license in (a) of this subsection, the  
20 endorsement and license established in (a)(i)(B) of this subsection  
21 may be granted to any licensed distilled spirits producer.

22 (B) The following license and endorsement grants the following  
23 privileges to distilled spirits producers:

24 (I) A tasting room license authorizes the holder to operate an  
25 off-site retail location for the sampling, sale, and service of  
26 spirits of the distilled spirits producer's own production and  
27 spirits not of the distilled spirits producer's own production that  
28 are obtained from a source or distribution channel authorized in this  
29 title, so long as the other spirits brands do not exceed twenty-five  
30 percent of the distilled spirits producer's offerings of its own  
31 brands for on-premises and off-premises consumption. The fee for the  
32 first off-site tasting room license is one hundred dollars per annum.  
33 The fee for a second off-site tasting room license is one thousand  
34 dollars per annum. There is no fee or license required for an initial  
35 tasting room on the premises of the distilled spirits producer. A  
36 distilled spirits producer may operate no more than two off-site  
37 tasting rooms. A person receiving free samples of spirits at an on-  
38 site or off-site tasting room is limited to a maximum of two ounces  
39 of free samples of spirits per day; and

1       (II) A special occasion endorsement authorizes the holder to  
2 serve samples and sell bottles at special occasion events licensed  
3 under RCW 66.24.380. The endorsement fee is one hundred dollars per  
4 annum. Any person engaged on behalf of the distilled spirits producer  
5 in the sampling of spirits at a special occasion licensed event must  
6 hold a class 12 alcohol server permit and a consumer may receive not  
7 more than one-half ounce of spirits per sample and not more than two  
8 ounces of spirits total per day. Under the endorsement, a distilled  
9 spirits producer may take orders, either in writing or  
10 electronically, and accept payment for spirits of its own production  
11 under the following conditions: Spirits produced by the distilled  
12 spirits producer may be served for on-premises consumption by the  
13 special occasion licensee; the distilled spirits producer must  
14 deliver spirits to the consumer on a date after the conclusion of the  
15 special occasion event; the distilled spirits producer must deliver  
16 spirits to the consumer at a location different from the location at  
17 which the special occasion event is held; the distilled spirits  
18 producer must comply with all requirements in chapter 66.20 RCW for  
19 direct sale of spirits to consumers; the spirits may not be sold for  
20 resale; and the distilled spirits producer is entitled to all  
21 proceeds from the sale and delivery of its spirits to a consumer  
22 after the conclusion of the special occasion event, but may enter  
23 into an agreement to share a portion of the proceeds of these sales  
24 with the special occasion licensee licensed under RCW 66.24.380.

25       (ii)(A) For merchant bottlers bottling or packaging ten thousand  
26 proof gallons or less of spirits in a year the license fee is two  
27 thousand five hundred dollars per annum; for merchant bottlers  
28 bottling or packaging more than ten thousand proof gallons in a year  
29 the fee is five thousand dollars per annum. The license includes the  
30 right to store bulk and finished distilled spirits products in a  
31 warehouse covered by the license under which it is issued. For  
32 distilled spirits products put out for sale inside this state that  
33 were bottled by a merchant bottler licensee the word "distillery," or  
34 any derivative thereof, may not be used on the label or packaging of  
35 such product, nor may the licensee itself use the word "distillery,"  
36 nor any derivative thereof, in its brand or company name, provided  
37 that distilled spirits bottled under contract by an in-state merchant  
38 bottler licensee for a licensed distilled spirits producer with a  
39 board-approved "distiller" designation may use the distiller's brand

1 name and the word "distillery," or any reasonable derivative thereof,  
2 on the label or packaging of those products.

3 (B) In addition to the fees required in (a)(ii)(A) of this  
4 subsection (1) each merchant bottler must pay on a monthly basis a  
5 production excise fee of twenty-five cents per liter of finished  
6 bottles or packages removed from bond tax determined or transferred  
7 in bond for its own sale. There shall be no production excise fee for  
8 distilled spirits bottled by a merchant bottler under contract for a  
9 distilled spirits producer licensed in this state.

10 (iii)(A) For a distilled spirits brand owner selling ten thousand  
11 proof gallons or less of spirits in a year the license fee is two  
12 thousand five hundred dollars per annum; for a distilled spirits  
13 brand owner selling more than ten thousand proof gallons in a year  
14 the fee is five thousand dollars per annum. The license includes the  
15 right to store such product in a warehouse covered by the state  
16 license to which it is issued under this title.

17 (B) A licensed distilled spirits brand owner must also hold a  
18 notice with the federal bureau of alcohol and tobacco tax and trade  
19 for the legal right to market, possess, and sell such distilled  
20 spirits products or brand.

21 (C) In addition to the fees required in (a)(iii)(A) of this  
22 subsection (1) each distilled spirits brand owner shall pay on a  
23 monthly basis a bond removal excise fee of twenty-five cents per  
24 liter of finished bottles or packages removed from bond tax  
25 determined or transferred in bond.

26 (iv) The sale of products produced under (a)(ii) and (iii) of  
27 this subsection (1) may only be sold as follows:

28 (A) The product may be sold through an entity licensed to  
29 distribute in this state;

30 (B) For export outside of this state, the product may be sold to  
31 a properly licensed entity; or

32 (C) If the product was produced under contract by a licensed in-  
33 state distilled spirits producer, then such product may be stored and  
34 sold through any approved distribution channel established by such  
35 distilled spirits producer for in-state wholesale or export  
36 transactions pursuant to this title;

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

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

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

9 (2) Any ~~((distillery licensed under this section may:~~

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

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

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

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

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

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

27 ~~(iv) Every person who participates in any manner in the service~~  
28 ~~of these samples must obtain a class 12 alcohol server permit.))~~  
29 distilled spirits producer licensed under this chapter may:

30 (a) Sell, for off-premises consumption, spirits of its own  
31 production and spirits not of the distilled spirits producer's own  
32 production that are obtained from a source or distribution channel  
33 authorized under this title, so long as the other spirits brands do  
34 not exceed twenty-five percent of the distilled spirits producer's  
35 offerings of its own brands for on-premises and off-premises  
36 consumption. A distilled spirits producer selling spirits under this  
37 subsection must comply with the applicable laws and rules relating to  
38 retailers;

39 (b) Contract distilled spirits for, and sell contract distilled  
40 spirits to, holders of a distilled spirits producer, merchant

1 bottler, or distilled spirits brand owner license, including licenses  
2 issued under RCW 66.24.520, or to other entities licensed or  
3 permitted to purchase or handle such spirits or for export; and

4 (c) Serve samples of spirits for free or for a charge, and sell  
5 servings of spirits for on-premises consumption, on the premises of  
6 the distillery in an on-site tasting room and at the distilled  
7 spirits producer's off-site tasting rooms, subject to the following  
8 conditions:

9 (i) A distilled spirits producer may provide spirits samples to  
10 customers free or for a charge that are one-half ounce or less per  
11 sample of spirits, on the distillery premises in an on-site tasting  
12 or at an off-site tasting room. Spirits samples may be adulterated  
13 with nonalcoholic mixers, mixers with alcohol of the distiller's own  
14 production, water, and/or ice. A person receiving free samples of  
15 spirits is limited to a maximum of two ounces of free samples of  
16 spirits per day;

17 (ii) A distilled spirits producer may sell servings of spirits  
18 entitled to be sold on the licensed premises, or at an off-site  
19 tasting room adulterated with water, ice, other alcohol entitled to  
20 be served on the licensed premises, or nonalcoholic mixers to persons  
21 for consumption on the premises; and

22 (iii) A distilled spirits producer may sell any spirits product  
23 of its own production and any spirits product not of the distilled  
24 spirits producer's own production that is obtained from a source or  
25 distribution channel authorized under this title, for on-premises  
26 consumption at the distillery premises or at an off-site tasting  
27 room. However, the other spirits brands may not exceed twenty-five  
28 percent of the distilled spirits producer's offerings of its own  
29 brands for on-premises and off-premises consumption at its on-site  
30 and any off-site tasting rooms. Products can also include  
31 nonalcoholic products for sale at retail.

32 (3)(a) A distilled spirits producer licensee may apply to the  
33 board for an endorsement to sample and sell spirits of its own  
34 production at retail for off-premises consumption at a qualifying  
35 farmers market, in accordance with RCW 66.24.175. The annual fee for  
36 this endorsement is seventy-five dollars per farmers market per year.  
37 In accordance with RCW 66.24.175, any sampling of spirits at a  
38 qualifying farmers market must be conducted in a separate controlled  
39 tasting area with physical barriers to ensure the area is accessible  
40 only to persons age twenty-one or over, and samples are limited to a

1 total of two ounces of spirits per person per day and each individual  
2 sample must contain one-half ounce or less of spirits.

3 (b) For each month during which a distilled spirits producer will  
4 sample or sell spirits at a qualifying farmers market, the distilled  
5 spirits producer 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 sample or sale. This list must be received by the board before  
8 the spirits may be offered for sample or sale at a qualifying farmers  
9 market.

10 (c) Each approved location in a qualifying farmers market is to  
11 be treated as though it were part of the distilled spirits producer's  
12 license for the purpose of this title but may not impact the number  
13 of off-site tasting rooms a licensee is allowed to operate. The  
14 distilled spirits producer may not store spirits at a farmers market  
15 beyond the hours that the bottled spirits are offered for sale. The  
16 distilled spirits producer may not act as a distributor from a  
17 farmers market location.

18 (d)(i) Before a distilled spirits producer may sample or sell  
19 bottled spirits at a qualifying farmers market, the farmers market  
20 must apply to the board for authorization for any distilled spirits  
21 producer with an endorsement approved under this subsection to sample  
22 and sell bottled spirits at retail at the farmers market. The  
23 application under this subsection must include, at a minimum:

24 (A) A map of the farmers market showing all booths, stalls, or  
25 other designated locations at which an approved distilled spirits  
26 producer may sell bottled spirits; and

27 (B) The name and contact information for the on-site market  
28 managers who may be contacted by the board or its designee to verify  
29 the locations at which bottled spirits may be sampled and sold.  
30 Before authorizing a qualifying farmers market to allow an approved  
31 distilled spirits producer to sample and sell bottled spirits at  
32 retail at its farmers market location, the board must notify the  
33 persons or entities of such application for authorization pursuant to  
34 RCW 66.24.010 (8) and (9).

35 (ii) An authorization granted under this subsection (3)(d) may be  
36 withdrawn by the board for any violation of this title or any rules  
37 adopted under this title.

38 (e) A farmers market may elect to not allow sampling of spirits  
39 as part of the condition of participation by the distilled spirits  
40 producer.

1 (f) For the purposes of this subsection (3), "qualifying farmers  
2 market" has the same meaning as defined in RCW 66.24.170.

3 (4) Every person who participates in any manner in the service of  
4 samples at a farmers market or the sale or service of samples or  
5 servings of spirits at a distilled spirits producer's premises or  
6 tasting rooms must obtain a class 12 alcohol server permit.

7 (5) Distilled spirits production is an agricultural practice.

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

10 (1) Of the off-site tasting rooms and retail licensed  
11 establishment allowed in this chapter, any domestic brewery,  
12 microbrewery, domestic winery, distilled spirits producer, or any  
13 combination of licensees thereof, licensed under this chapter may  
14 jointly occupy and cooperate up to three off-site locations in which  
15 they may sample, serve, and sell products of their own production.  
16 The licensees must maintain separate storage of products and separate  
17 financials. Nothing in this subsection may be construed to authorize  
18 a brewery, domestic winery, or distilled spirits producer to own or  
19 operate more tasting rooms or licensed retail establishments than are  
20 expressly authorized elsewhere in this title.

21 (2) Any domestic brewery, microbrewery, domestic winery, or  
22 distilled spirits producer licensed under this chapter, or any  
23 combination of licensees thereof, whose property parcels or buildings  
24 are located in direct physical proximity to one another may share a  
25 standing or seated tasting area for patrons to use. Each licensee may  
26 sample, serve, and sell products of their own production for on-  
27 premises consumption in the jointly operated consumption area.

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

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

33 (5) All licensees who participate in:

34 (a) A jointly operated off-premises location allowed under  
35 subsection (1) of this section; or

36 (b) A conjoined consumption area allowed under subsection (2) of  
37 this section,



1 must share staffing resources and each licensee is responsible in the  
2 event of any enforcement issues, even if the enforcement issue was  
3 only due to one licensee's conduct.

4 (6) Every person who participates in any manner in the sale or  
5 service of samples or servings of spirits must obtain a class 12  
6 alcohol server permit. Every person who participates in any manner in  
7 the sale or service of samples or servings of beer and wine must  
8 obtain a class 12 or class 13 alcohol server permit.

9 NEW SECTION. **Sec. 4.** RCW 66.24.145 (Craft distillery—Sales and  
10 samples of spirits) and 2015 c 194 s 2, 2014 c 92 s 1, 2013 c 98 s 1,  
11 2012 c 2 s 205, 2010 c 290 s 2, & 2008 c 94 s 2 are each repealed.

12 **Sec. 5.** RCW 66.24.520 and 2010 c 290 s 4 are each amended to  
13 read as follows:

14 There shall be a grower's license to sell wine or spirits made  
15 from grapes or other agricultural products owned at the time of  
16 vinification or distillation by the licensee in bulk to holders of  
17 domestic wineries', distillers', or manufacturers' licenses or for  
18 export. The wine or spirits (~~shall~~) must be (~~made~~) produced or  
19 manufactured upon the premises of a domestic winery or (~~craft~~  
20 ~~distillery~~) distilled spirits producer licensee and is referred to  
21 in this section as grower's wine or grower's spirits. A grower's  
22 license authorizes the agricultural product grower to contract for  
23 the manufacturing of wine or spirits from the grower's own  
24 agricultural product, store wine or spirits in bulk made from  
25 agricultural products produced by the holder of this license, and to  
26 sell wine or spirits in bulk made from the grower's own agricultural  
27 products to a winery or (~~distillery~~) distilled spirits producer in  
28 the state of Washington or to export in bulk for sale out-of-state.  
29 The annual fee for a grower's license shall be seventy-five dollars.  
30 For the purpose of chapter 66.28 RCW, a grower licensee (~~shall be~~)  
31 is deemed a manufacturer.

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

34 (1) There is a spirits retail license to: Sell spirits in  
35 original containers to consumers for consumption off the licensed  
36 premises and to permit holders; sell spirits in original containers  
37 to retailers licensed to sell spirits for consumption on the

1 premises, for resale at their licensed premises according to the  
2 terms of their licenses, although no single sale may exceed twenty-  
3 four liters, unless the sale is by a licensee that was a contract  
4 liquor store manager of a contract liquor store at the location of  
5 its spirits retail licensed premises from which it makes such sales;  
6 and export spirits.

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

12 (a) Maintain a schedule by stock-keeping unit of all their  
13 purchases of spirits from spirits retail licensees, including  
14 combination spirits, beer, and wine licensees holding a license  
15 issued pursuant to RCW 66.24.035, indicating the identity of the  
16 seller and the quantities purchased; and

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

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

23 (ii) A distiller acting as distributor of the scheduled item in  
24 the area.

25 (3)(a) Except as otherwise provided in (c) of this subsection,  
26 the board may issue spirits retail licenses only for premises  
27 comprising at least ten thousand square feet of fully enclosed retail  
28 space within a single structure, including storerooms and other  
29 interior auxiliary areas but excluding covered or fenced exterior  
30 areas, whether or not attached to the structure, and only to  
31 applicants that the board determines will maintain systems for  
32 inventory management, employee training, employee supervision, and  
33 physical security of the product substantially as effective as those  
34 of stores currently operated by the board with respect to preventing  
35 sales to or pilferage by underage or inebriated persons.

36 (b) License issuances and renewals are subject to RCW 66.24.010  
37 and the regulations adopted thereunder, including without limitation  
38 rights of cities, towns, county legislative authorities, the public,  
39 churches, schools, and public institutions to object to or prevent  
40 issuance of local liquor licenses. However, existing grocery premises

1 licensed to sell beer and/or wine are deemed to be premises "now  
2 licensed" under RCW 66.24.010(9)(a) for the purpose of processing  
3 applications for spirits retail licenses.

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

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

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

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

19 (d) A retailer authorized to sell spirits for consumption on or  
20 off the licensed premises may accept delivery of spirits at its  
21 licensed premises, at another licensed premises as designated by the  
22 retailer, or at one or more warehouse facilities registered with the  
23 board, which facilities may also warehouse and distribute nonliquor  
24 items, and from which the retailer may deliver to its own licensed  
25 premises and, pursuant to sales permitted under subsection (1) of  
26 this section:

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

29 (ii) To other registered facilities; or

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

34 (e) For purposes of negotiating volume discounts, a group of  
35 individual retailers authorized to sell spirits for consumption off  
36 the licensed premises may accept delivery of spirits at their  
37 individual licensed premises or at any one of the individual  
38 licensee's premises, or at a warehouse facility registered with the  
39 board.

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

12 (b) (~~This subsection (4) does not apply to craft distilleries.~~)  
13 (i) Pursuant to the legislature's plenary power to regulate the  
14 import, export, manufacture, sale, distribution, and taxation of  
15 alcohol into, inside of, and exported from the state of Washington,  
16 under the 21st Amendment of the United States Constitution, the  
17 legislature finds the following:

18 (A) The activity of being a distilled spirits producer licensed  
19 to produce in this state under this title is primarily that of  
20 manufacturing and agricultural in nature;

21 (B) The practice of producing spirits as a licensed distilled  
22 spirits producer in this state involves activities, costs, and  
23 responsibilities for such producers not otherwise borne by  
24 traditional licensed distributors or retailers; and

25 (C) The retail sale of spirits on the licensed premises of, or  
26 controlled by, a distilled spirits producer, or off the premises of a  
27 licensed distilled spirits producer pursuant to a license, permit,  
28 endorsement, certificate, or other right granted to such licensee  
29 under this title or by the board, are merely ancillary to the  
30 production of spirits and are not primarily retail in nature.

31 (ii) For the purposes of (a) of this subsection, distilled  
32 spirits producer licensees operating in this state are not considered  
33 spirits retail licensees to the extent a licensee sells spirits  
34 products of its own production; therefore, this subsection (4)  
35 applies only as follows to distilled spirits producers selling  
36 spirits of their own production, at retail, for off-premises  
37 consumption:

38 (A) On or after the effective date of this section, distilled  
39 spirits producers producing spirits with at least seventy percent of  
40 the raw materials used in the production grown in the state of

1 Washington are exempt from paying the seventeen percent spirits  
2 retail license issuance fee established in (a) of this subsection.

3 (B) On or after the effective date of this section, distilled  
4 spirits producers producing spirits with less than seventy percent of  
5 the raw materials used in the production grown in the state of  
6 Washington are allowed a credit of up to seventy-five percent against  
7 the fee in (a) of this subsection (4).

8 (C) Any retail sales of spirits not of the distilled spirits  
9 producer's own production, for off-premises consumption, are subject  
10 to the seventeen percent fee in (a) of this subsection (4).

11 (iii) For purposes of calculating qualifying raw material  
12 percentages for (b)(ii) of this subsection (4), the totals must:

13 (A) Exclude agave juice, agave syrup, sugar cane, sugar cane  
14 juice, molasses from sugar cane, or any other derivative of agave or  
15 sugar cane used to ferment distillate base by a distilled spirits  
16 producer;

17 (B) Include either the raw ingredients used to make the base  
18 spirits of the finished products or the fruit, spice, or herb  
19 flavorings blended or added to make finished products of a distilled  
20 spirits producer;

21 (C) Exclude ingredients used from food or beverage waste or by-  
22 products used by a distilled spirits producer; and

23 (D) Exclude water, creams, and sugar or syrup derivatives used  
24 for dilution, or blending, by a distilled spirits producer.

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

33 (6) As a condition to receiving and renewing a spirits retail  
34 license the licensee must provide training as prescribed by the board  
35 by rule for individuals who sell spirits or who manage others who  
36 sell spirits regarding compliance with laws and regulations regarding  
37 sale of spirits, including without limitation the prohibitions  
38 against sale of spirits to individuals who are underage or visibly  
39 intoxicated. The training must be provided before the individual  
40 first engages in the sale of spirits and must be renewed at least

1 every five years. The licensee must maintain records documenting the  
2 nature and frequency of the training provided. An employee training  
3 program is presumptively sufficient if it incorporates a "responsible  
4 vendor program" adopted by the board.

5 (7) The maximum penalties prescribed by the board in WAC  
6 314-29-020 through 314-29-040 relating to fines and suspensions are  
7 doubled for violations relating to the sale of spirits by spirits  
8 retail licensees.

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

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

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

22 (d) To participate in the responsible vendor program, licensees  
23 must submit an application form to the board. If the application  
24 establishes that the licensee meets the qualifications to join the  
25 program, the board must send the licensee a membership certificate.

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

28 (i) Provide ongoing training to employees;

29 (ii) Accept only certain forms of identification for alcohol  
30 sales;

31 (iii) Adopt policies on alcohol sales and checking  
32 identification;

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

34 (v) Keep records verifying compliance with the program's  
35 requirements.

36 (f)(i) A spirits retail licensee that also holds a grocery store  
37 license under RCW 66.24.360 or a beer and/or wine specialty shop  
38 license under RCW 66.24.371 may, upon board approval and pursuant to  
39 board rules, transition to a combination spirits, beer, and wine  
40 license pursuant to RCW 66.24.035.

1 (ii) An applicant that would qualify for a spirits retail license  
2 under this section and that qualifies for a combination spirits,  
3 beer, and wine license pursuant to RCW 66.24.035 may apply for a  
4 license pursuant to RCW 66.24.035 instead of applying for a spirits  
5 retail license under this section.

6 **Sec. 7.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
7 read as follows:

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

13 (2) Nothing in this section nor in RCW 66.28.305 prevents a  
14 domestic brewery, microbrewery, distributor, domestic winery,  
15 distiller, certificate of approval holder, or importer from  
16 furnishing samples of beer, wine, or spirituous liquor to authorized  
17 licensees for the purpose of negotiating a sale, in accordance with  
18 regulations adopted by the liquor and cannabis board, provided that  
19 the samples are subject to taxes imposed by RCW 66.24.290 and  
20 66.24.210(~~(+)~~).

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

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

1 charge, to a nonprofit charitable corporation or association exempt  
2 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
3 revenue code of 1986 for use consistent with the purpose or purposes  
4 entitling it to such exemption((+)).

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

8 (6) Nothing in this section prevents donations of wine for the  
9 purposes of RCW 66.12.180((+)). Nothing in this section prevents a  
10 domestic winery from serving wine without charge, on the winery  
11 premises((+and)).

12 (8) Nothing in this section prevents a ((craft distillery from  
13 selling spirits, on the distillery premises subject to RCW  
14 66.24.145)) distilled spirits producer from providing or serving  
15 spirits on the distilled spirits producer premises subject to RCW  
16 66.24.140.

17 **Sec. 8.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read  
18 as follows:

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

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

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

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

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

37 (5) A licensed distiller)) distilled spirits producer from  
38 selling spirits of its own production under RCW 66.24.140.



1        (5) A licensed distilled spirits producer, domestic brewery,  
2 microbrewery, domestic winery, or a lessee of a licensed domestic  
3 brewer, microbrewery, or domestic winery, from being licensed as a  
4 spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW for  
5 the purpose of selling liquor at a spirits, beer, and wine restaurant  
6 premises on the property on which the primary manufacturing facility  
7 of the licensed (~~(distiller)~~) distilled spirits producer, domestic  
8 brewer, microbrewery, or domestic winery is located or on contiguous  
9 property owned or leased by the licensed (~~(distiller)~~) distilled  
10 spirits producer, domestic brewer, microbrewery, or domestic winery  
11 as prescribed by rules adopted by the board pursuant to chapter 34.05  
12 RCW.

13        (6) A microbrewery holding a spirits, beer, and wine restaurant  
14 license under RCW 66.24.420 from holding the same privileges and  
15 endorsements attached to the spirits, beer, and wine restaurant  
16 license.

17        (7) A brewery or microbrewery holding a spirits, beer, and wine  
18 restaurant license or a beer and/or wine license under chapter 66.24  
19 RCW operated on the premises of the brewery or microbrewery from  
20 holding a second retail only license at a location separate from the  
21 premises of the brewery or microbrewery.

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

25        (9) An organization qualifying under RCW 66.24.375 formed for the  
26 purpose of constructing and operating a facility to promote  
27 Washington wines from holding retail licenses on the facility  
28 property or leasing all or any portion of such facility property to a  
29 retail licensee on the facility property if the members of the board  
30 of directors or officers of the board for the organization include  
31 officers, directors, owners, or employees of a licensed domestic  
32 winery. Financing for the construction of the facility must include  
33 both public and private money.

34        (10) A bona fide charitable nonprofit society or association  
35 registered under Title 26 U.S.C. Sec. 501(c)(3) of the federal  
36 internal revenue code, or a local wine industry association  
37 registered under Title 26 U.S.C. Sec. 501(c)(6) of the federal  
38 internal revenue code as it existed on July 22, 2007, and having an  
39 officer, director, owner, or employee of a licensed domestic winery

1 or a wine certificate of approval holder on its board of directors  
2 from holding a special occasion license under RCW 66.24.380.

3 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or  
4 66.24.244 from exercising the privileges of distributing and selling  
5 at retail such person's own production or from exercising any other  
6 right or privilege that attaches to such license.

7 (12) A person holding a certificate of approval pursuant to RCW  
8 66.24.206 from obtaining an endorsement to act as a distributor of  
9 their own product or from shipping their own product directly to  
10 consumers as authorized by RCW 66.20.360.

11 (13) A person holding a wine shipper's permit pursuant to RCW  
12 66.20.375 from shipping their own product directly to consumers.

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

16 (15) A domestic winery and a restaurant licensed under RCW  
17 66.24.320 or 66.24.400 from entering an arrangement to waive a  
18 corkage fee.

19 **Sec. 9.** RCW 66.20.410 and 2015 c 194 s 4 are each amended to  
20 read as follows:

21 (1) The holder of a license to operate as a (~~distillery or craft~~  
22 ~~distillery~~) distilled spirits producer issued under RCW 66.24.140  
23 (~~or 66.24.145~~) may accept orders for spirits from, and deliver  
24 spirits to, customers if all of the following conditions are met for  
25 each sale:

26 (a) Spirits are not used for resale;

27 (b) Spirits come directly from the (~~distillery's or craft~~  
28 ~~distillery's~~) distilled spirits producer's possession prior to  
29 shipment or delivery. All transactions are to be treated as if they  
30 were conducted in the retail location of the (~~distillery or craft~~  
31 ~~distillery~~) distilled spirits producer regardless of how they are  
32 received or processed;

33 (c) Spirits may be ordered in person at a licensed location, by  
34 mail, telephone, or internet, or by other similar methods; and

35 (d) Only a (~~distillery or craft distillery~~) distilled spirits  
36 producer licensee or a licensee's direct employees may accept and  
37 process orders and payments. A contractor may not do so on behalf of  
38 a d(~~istillery or craft distillery~~) distilled spirits producer  
39 licensee, except for transmittal of payment through a third-party

1 service. A third-party service may not solicit customer business on  
2 behalf of a (~~distillery or craft distillery~~) distilled spirits  
3 producer licensee.

4 (2) All orders and payments must be fully processed before  
5 spirits transfers ownership or, in the case of delivery, leaves a  
6 licensed (~~distillery's or craft distillery's~~) distilled spirits  
7 producer's possession.

8 (3) Payment methods include, but are not limited to: Cash, credit  
9 or debit card, check or money order, electronic funds transfer, or an  
10 existing prepaid account. An existing prepaid account may not have a  
11 negative balance.

12 (4) To sell spirits via the internet, a new (~~distillery or craft~~  
13 ~~distillery~~) distilled spirits producer license applicant must  
14 request internet-sales privileges in his or her application. An  
15 existing (~~distillery or craft distillery~~) distilled spirits  
16 producer licensee must notify the board prior to beginning internet  
17 sales. A corporate entity representing multiple licensees may notify  
18 the board in a single letter on behalf of affiliated (~~distillery or~~  
19 ~~craft distillery~~) distilled spirits producer licensees, as long as  
20 the liquor license numbers of all licensee locations utilizing  
21 internet sales privileges are clearly identified.

22 (5) Delivery may be made only to a residence or business that has  
23 an address recognized by the United States postal service; however,  
24 the board may grant an exception to this rule at its discretion. A  
25 residence includes a hotel room, a motel room, marina, or other  
26 similar lodging that temporarily serves as a residence.

27 (6) Spirits may be delivered each day of the week between the  
28 hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by  
29 2:00 a.m.

30 (7) Under chapter 66.44 RCW, any person under twenty-one years of  
31 age is prohibited from purchasing, delivering, or accepting delivery  
32 of liquor.

33 (a) A delivery person must verify the age of the person accepting  
34 delivery before handing over liquor.

35 (b) If no person twenty-one years of age or older is present to  
36 accept a liquor order at the time of delivery, the liquor must be  
37 returned.

38 (8) Delivery of liquor is prohibited to any person who shows  
39 signs of intoxication.

1 (9)(a) Individual units of spirits must be factory sealed in  
2 bottles. For the purposes of this subsection, "factory sealed" means  
3 that a unit is in one hundred percent resalable condition, with all  
4 manufacturer's seals intact.

5 (b) The outermost surface of a liquor package, delivered by a  
6 third party, must have language stating that:

7 (i) The package contains liquor;

8 (ii) The recipient must be twenty-one years of age or older; and

9 (iii) Delivery to intoxicated persons is prohibited.

10 (10)(a) Records and files must be retained at the licensed  
11 premises. Each delivery sales record must include the following:

12 (i) Name of the purchaser;

13 (ii) Name of the person who accepts delivery;

14 (iii) Street addresses of the purchaser and the delivery  
15 location; and

16 (iv) Time and date of purchase and delivery.

17 (b) A private carrier must obtain the signature of the person who  
18 receives liquor upon delivery.

19 (c) A sales record does not have to include the name of the  
20 delivery person, but it is encouraged.

21 (11) Web site requirements. When selling over the internet, all  
22 web site pages associated with the sale of liquor must display the  
23 (~~distillery or craft distillery~~) distilled spirits producer  
24 licensee's registered trade name.

25 (12) A (~~distillery or craft distillery~~) distilled spirits  
26 producer licensee is accountable for all deliveries of liquor made on  
27 its behalf.

28 (13) The board may impose administrative enforcement action upon  
29 a licensee, or suspend or revoke a licensee's delivery privileges, or  
30 any combination thereof, should a licensee violate any condition,  
31 requirement, or restriction.

32 **Sec. 10.** RCW 66.20.010 and 2017 c 250 s 1 are each amended to  
33 read as follows:

34 Upon application in the prescribed form being made to any  
35 employee authorized by the board to issue permits, accompanied by  
36 payment of the prescribed fee, and upon the employee being satisfied  
37 that the applicant should be granted a permit under this title, the  
38 employee must issue to the applicant under such regulations and at

1 such fee as may be prescribed by the board a permit of the class  
2 applied for, as follows:

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

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

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

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

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

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

35 (7) Where the application is for a special permit by an  
36 authorized representative of a military installation operated by or  
37 for any of the armed forces within the geographical boundaries of the  
38 state of Washington, a special permit to purchase liquor for use on  
39 such military installation;

1 (8) Where the application is for a special permit by a vendor  
2 that manufactures or sells a product which cannot be effectively  
3 presented to potential buyers without serving it with liquor or by a  
4 manufacturer, importer, or distributor, or representative thereof, to  
5 serve liquor without charge to delegates and guests at a convention  
6 of a trade association composed of licensees of the board, when the  
7 said liquor is served in a hospitality room or from a booth in a  
8 board-approved suppliers' display room at the convention, and when  
9 the liquor so served is for consumption in the said hospitality room  
10 or display room during the convention, anything in this title to the  
11 contrary notwithstanding. Any such spirituous liquor must be  
12 purchased from a spirits retailer or distributor, and any such liquor  
13 is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and  
14 66.24.210;

15 (9) Where the application is for a special permit by a  
16 manufacturer, importer, or distributor, or representative thereof, to  
17 donate liquor for a reception, breakfast, luncheon, or dinner for  
18 delegates and guests at a convention of a trade association composed  
19 of licensees of the board, when the liquor so donated is for  
20 consumption at the said reception, breakfast, luncheon, or dinner  
21 during the convention, anything in this title to the contrary  
22 notwithstanding. Any such spirituous liquor must be purchased from a  
23 spirits retailer or distributor, and any such liquor is subject to  
24 the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

25 (10) Where the application is for a special permit by a  
26 manufacturer, importer, or distributor, or representative thereof, to  
27 donate and/or serve liquor without charge to delegates and guests at  
28 an international trade fair, show, or exposition held under the  
29 auspices of a federal, state, or local governmental entity or  
30 organized and promoted by a nonprofit organization, anything in this  
31 title to the contrary notwithstanding. Any such spirituous liquor  
32 must be purchased from a liquor spirits retailer or distributor, and  
33 any such liquor is subject to the taxes imposed by RCW 82.08.150,  
34 66.24.290, and 66.24.210;

35 (11) Where the application is for an annual special permit by a  
36 person operating a bed and breakfast lodging facility to donate or  
37 serve wine or beer without charge to overnight guests of the facility  
38 if the wine or beer is for consumption on the premises of the  
39 facility. "Bed and breakfast lodging facility," as used in this

1 subsection, means a facility offering from one to eight lodging units  
2 and breakfast to travelers and guests;

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

6 (a) The application is from a community or technical college as  
7 defined in RCW 28B.50.030, a regional university, or a state  
8 university;

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

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

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

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

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

27 (13) Where the application is for a special permit by a  
28 ~~((distillery or craft distillery))~~ distilled spirits producer for an  
29 event not open to the general public to be held or conducted at a  
30 specific place, including at the licensed premises of the applying  
31 ~~((distillery or craft distillery))~~ distilled spirits producer, upon a  
32 specific date for the purpose of tasting and selling spirits of its  
33 own production. The ~~((distillery or craft distillery))~~ distilled  
34 spirits producer must obtain a permit for a fee of ten dollars per  
35 event. An application for the permit must be submitted for private  
36 banquet permits prior to the event and, once issued, the permit must  
37 be posted in a conspicuous place at the premises for which the permit  
38 was issued during all times the permit is in use. No licensee may  
39 receive more than twelve permits under this subsection (13) each  
40 year;

1 (14) Where the application is for a special permit by a  
2 manufacturer of wine for an event not open to the general public to  
3 be held or conducted at a specific place upon a specific date for the  
4 purpose of tasting and selling wine of its own production. The winery  
5 must obtain a permit for a fee of ten dollars per event. An  
6 application for the permit must be submitted at least ten days before  
7 the event and once issued, must be posted in a conspicuous place at  
8 the premises for which the permit was issued during all times the  
9 permit is in use. No more than twelve events per year may be held by  
10 a single manufacturer under this subsection;

11 (15) Where the application is for a special permit by a  
12 manufacturer of beer for an event not open to the general public to  
13 be held or conducted at a specific place upon a specific date for the  
14 purpose of tasting and selling beer of its own production. The  
15 brewery or microbrewery must obtain a permit for a fee of ten dollars  
16 per event. An application for the permit must be submitted at least  
17 ten days before the event and, once issued, must be posted in a  
18 conspicuous place at the premises for which the permit was issued  
19 during all times the permit is in use. No more than twelve events per  
20 year may be held by a single manufacturer under this subsection;

21 (16) Where the application is for a special permit by an  
22 individual or business to sell a private collection of wine or  
23 spirits to an individual or business. The seller must obtain a permit  
24 at least five business days before the sale, for a fee of twenty-five  
25 dollars per sale. The seller must provide an inventory of products  
26 sold and the agreed price on a form provided by the board. The seller  
27 shall submit the report and taxes due to the board no later than  
28 twenty calendar days after the sale. A permit may be issued under  
29 this section to allow the sale of a private collection to licensees,  
30 but may not be issued to a licensee to sell to a private individual  
31 or business which is not otherwise authorized under the license held  
32 by the seller. If the liquor is purchased by a licensee, all sales  
33 are subject to taxes assessed as on liquor acquired from any other  
34 source. The board may adopt rules to implement this section;

35 (17)(a) A special permit, where the application is for a special  
36 permit by a nonprofit organization to sell wine through an auction,  
37 not open to the public, to be conducted at a specific place, upon a  
38 specific date, and to allow wine tastings at the auction of the wine  
39 to be auctioned.



1 (b) A permit holder under this subsection (17) may at the  
2 specified event:

3 (i) Sell wine by auction for off-premises consumption; and

4 (ii) Allow tastings of samples of the wine to be auctioned at the  
5 event.

6 (c) An application is required for a permit under this subsection  
7 (17). The application must be submitted prior to the event and once  
8 issued must be posted in a conspicuous place at the premises for  
9 which the permit was issued during all times the permit is in use.

10 (d) Wine from more than one winery may be sold at the auction;  
11 however, each winery selling wine at the auction must be listed on  
12 the permit application. Only a single application form may be  
13 required for each auction, regardless of the number of wineries that  
14 are selling wine at the auction. The total fee per event for a permit  
15 issued under this subsection (17) is twenty-five dollars multiplied  
16 by the number of wineries that are selling wine at the auction.

17 (e) For the purposes of this subsection (17), "nonprofit  
18 organization" means an entity incorporated as a nonprofit  
19 organization under Washington state law.

20 (f) The board may adopt rules to implement this section.

21 **Sec. 11.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to  
22 read as follows:

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

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

32 (ii) Must bear imprinted advertising matter of the industry  
33 member only, except imprinted advertising matter of the industry  
34 member can include the logo of a professional sports team which the  
35 industry member is licensed to use;

36 (iii) May be provided by industry members only to retailers and  
37 their employees and may not be provided by or through retailers or  
38 their employees to retail customers; and

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

1 (b) An industry member is not obligated to provide any such  
2 branded promotional items, and a retailer may not require an industry  
3 member to provide such branded promotional items as a condition for  
4 selling any alcohol to the retailer.

5 (c) Any industry member or retailer or any other person asserting  
6 that the provision of branded promotional items as allowed in (a) of  
7 this subsection has resulted or is more likely than not to result in  
8 undue influence or an adverse impact on public health and safety, or  
9 is otherwise inconsistent with the criteria in (a) of this subsection  
10 may file a complaint with the board. Upon receipt of a complaint the  
11 board may conduct such investigation as it deems appropriate in the  
12 circumstances. If the investigation reveals the provision of branded  
13 promotional items has resulted in or is more likely than not to  
14 result in undue influence or has resulted or is more likely than not  
15 to result in an adverse impact on public health and safety or is  
16 otherwise inconsistent with (a) of this subsection the board may  
17 issue an administrative violation notice to the industry member, to  
18 the retailer, or both. The recipient of the administrative violation  
19 notice may request a hearing under chapter 34.05 RCW.

20 (2) Nothing in RCW 66.28.305 prohibits:

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

23 (i) Installation of draft beer dispensing equipment or  
24 advertising;

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

27 (iii) Pouring or dispensing of spirits by a licensed domestic  
28 distiller or the accredited representative of a distiller,  
29 manufacturer, importer, or distributor of spirituous liquor licensed  
30 under RCW 66.24.310; or

31 (b) Special occasion licensees from paying for beer, wine, or  
32 spirits immediately following the end of the special occasion event;  
33 or

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

37 (3) Nothing in RCW 66.28.305 prohibits industry members from  
38 performing, and retailers from accepting the service of building,  
39 rotating, and restocking displays and stockroom inventories; rotating  
40 and rearranging can and bottle displays of their own products;

1 providing point of sale material and brand signs; pricing case goods  
2 of their own brands; and performing such similar business services  
3 consistent with board rules, or personal services as described in  
4 subsection (5) of this section.

5 (4) Nothing in RCW 66.28.305 prohibits:

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

9 (b) Retailers from listing on their internet web sites  
10 information related to industry members whose products those  
11 retailers sell or promote, including direct links to the industry  
12 members' web sites; or

13 (c) Industry members and retailers from producing, jointly or  
14 together with regional, state, or local industry associations,  
15 brochures and materials promoting tourism in Washington state which  
16 contain information regarding retail licensees, industry members, and  
17 their products.

18 (5) Nothing in RCW 66.28.305 prohibits the performance of  
19 personal services offered from time to time by a domestic winery or  
20 certificate of approval holder to retailers when the personal  
21 services are (a) conducted at a licensed premises, and (b) intended  
22 to inform, educate, or enhance customers' knowledge or experience of  
23 the manufacturer's products. The performance of personal services may  
24 include participation and pouring, bottle signing events, and other  
25 similar informational or educational activities at the premises of a  
26 retailer holding a spirits, beer, and wine restaurant license, a wine  
27 and/or beer restaurant license, a specialty wine shop license, a  
28 special occasion license, a grocery store license with a tasting  
29 endorsement, or a private club license. A domestic winery or  
30 certificate of approval holder is not obligated to perform any such  
31 personal services, and a retail licensee may not require a domestic  
32 winery or certificate of approval holder to conduct any personal  
33 service as a condition for selling any alcohol to the retail  
34 licensee, or as a condition for including any product of the domestic  
35 winery or certificate of approval holder in any tasting conducted by  
36 the licensee. Except as provided in RCW 66.28.150, the cost of  
37 sampling may not be borne, directly or indirectly, by any domestic  
38 winery or certificate of approval holder or any distributor. Nothing  
39 in this section prohibits wineries, breweries, microbreweries,  
40 certificate of approval holders, and retail licensees from

1 identifying the producers on private labels authorized under RCW  
2 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

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

8 (7) Nothing in RCW 66.28.305 prohibits the performance of  
9 personal services offered from time to time by a domestic brewery,  
10 microbrewery, or beer certificate of approval holder to grocery store  
11 licensees with a tasting endorsement when the personal services are  
12 (a) conducted at a licensed premises in conjunction with a tasting  
13 event, and (b) intended to inform, educate, or enhance customers'  
14 knowledge or experience of the manufacturer's products. The  
15 performance of personal services may include participation and  
16 pouring, bottle signing events, and other similar informational or  
17 educational activities. A domestic brewery, microbrewery, or beer  
18 certificate of approval holder is not obligated to perform any such  
19 personal services, and a grocery store licensee may not require the  
20 performance of any personal service as a condition for including any  
21 product in any tasting conducted by the licensee.

22 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a  
23 domestic winery and a restaurant licensed under RCW 66.24.320 or  
24 66.24.400 to waive a corkage fee.

25 (9) Nothing in this section prohibits professional sports teams  
26 who hold a retail liquor license or their agents from accepting bona  
27 fide liquor advertising from manufacturers, importers, distributors,  
28 or their agents for use in the sporting arena. Professional sports  
29 teams who hold a retail liquor license or their agents may license  
30 the manufacturer, importer, distributor, or their agents to use the  
31 name and trademarks of the professional sports team in their  
32 advertising and promotions, under the following conditions:

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

36 (b) Such advertising may carry with it no express or implied  
37 offer on the part of the manufacturer, importer, distributor, or  
38 their agent, or promise on the part of the retail licensee whose  
39 operation is directly or indirectly part of the sporting arena, to

1 stock or list any particular brand of liquor to the total or partial  
2 exclusion of any other brand.

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

10 (11) Nothing in RCW 66.28.305 prohibits a distilled spirits  
11 producer, distilled spirits brand owner, merchant bottler,  
12 manufacturer of spirits, or spirits certificate of approval holder  
13 from providing branded promotional items which are of nominal value,  
14 singly or in the aggregate, to a nonprofit charitable corporation or  
15 association exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3)  
16 of the federal internal revenue code of 1986, as amended, as of the  
17 effective date of this section, for use consistent with the purpose  
18 or purposes entitling it to such exemption.

19 **Sec. 12.** RCW 66.24.175 and 2014 c 105 s 2 are each amended to  
20 read as follows:

21 (1) A qualifying farmers market authorized to allow wineries to  
22 sell bottled wine at retail under RCW 66.24.170 ~~((~~or~~))~~,  
23 microbreweries to sell bottled beer at retail under RCW 66.24.244, or  
24 ~~((both))~~ distilled spirits producers to sell bottled spirits at  
25 retail under RCW 66.24.140, or any combination of these entities, may  
26 apply to the liquor ~~((control))~~ and cannabis board for an endorsement  
27 to allow sampling of wine ~~((or))~~, beer ~~((or both))~~ spirits, or any  
28 combination of wine, beer, or spirits subject to subsection (7) of  
29 this section. A winery ~~((or))~~, microbrewery, or distilled spirits  
30 producer offering samples under this section must have an endorsement  
31 from the board to sell wine ~~((or))~~, beer, or spirits as the case may  
32 be, of its own production at a qualifying farmers market under RCW  
33 66.24.170 ~~((or))~~, 66.24.244, or 66.24.140 respectively.

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

35 (a) No more than three wineries ~~((or))~~, microbreweries, or  
36 distilled spirits producers combined may offer samples at a  
37 qualifying farmers market per day.

38 (b) Samples of spirits must have one-half ounce or less of  
39 spirits. Samples of beer or wine must be two ounces or less. A winery

1 (~~(e)~~), microbrewery, or distilled spirits producer may provide a  
2 maximum of two ounces of wine (~~(e)~~), beer, or spirits to a customer  
3 per day.

4 (c) A winery (~~(e)~~), microbrewery, or distilled spirits producer  
5 may advertise that it offers samples only at its designated booth,  
6 stall, or other designated location at the farmers market.

7 (d) Customers must remain at the designated booth, stall, or  
8 other designated location while sampling beer (~~(e)~~), wine, or  
9 spirits. Any sampling of spirits at a qualifying farmers market must  
10 be conducted in a separate controlled tasting area with physical  
11 barriers to ensure the area is accessible only to persons age twenty-  
12 one or over.

13 (e) Winery and microbrewery licensees and employees who are  
14 involved in sampling activities under this section must hold a class  
15 12 or class 13 alcohol server permit. Distilled spirits producer  
16 licensees and employees who are involved in sampling activities under  
17 this section must hold a class 12 alcohol server permit.

18 (f) A winery (~~(e)~~), microbrewery, or distilled spirits producer  
19 must have food available for customers to consume while sampling beer  
20 (~~(e)~~), wine, or spirits or must be adjacent to a vendor offering  
21 prepared food.

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

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

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

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

40 (7) Nothing in this subsection authorizes:

1 (a) A winery to sell or offer samples of any alcohol products  
2 other than wine of its own production;

3 (b) A microbrewery to sell or offer samples of any alcohol  
4 products other than beer of its own production; or

5 (c) A distilled spirits producer to sell or offer samples of any  
6 alcohol products other than spirits of its own production.

7 **Sec. 13.** RCW 66.24.055 and 2013 2nd sp.s. c 12 s 1 are each  
8 amended to read as follows:

9 (1) There is a license for spirits distributors to (a) sell  
10 spirits purchased from manufacturers, (~~distillers~~) distilled  
11 spirits producers, merchant bottlers, distilled spirits brand owners,  
12 or suppliers including, without limitation(~~(, licensed Washington~~  
13 ~~distilleries,~~) licensed spirits importers, other Washington spirits  
14 distributors, or suppliers of foreign spirits located outside of the  
15 United States, to spirits retailers including, without limitation,  
16 spirits retail licensees, special occasion license holders,  
17 interstate common carrier license holders, restaurant spirits  
18 retailer license holders, spirits, beer, and wine private club  
19 license holders, hotel license holders, sports entertainment facility  
20 license holders, and spirits, beer, and wine nightclub license  
21 holders, and to other spirits distributors; and (b) export the same  
22 from the state.

23 (2) By January 1, 2012, the board must issue spirits distributor  
24 licenses to all applicants who, upon December 8, 2011, have the right  
25 to purchase spirits from a spirits manufacturer, spirits distiller,  
26 or other spirits supplier for resale in the state, or are agents of  
27 such supplier authorized to sell to licensees in the state, unless  
28 the board determines that issuance of a license to such applicant is  
29 not in the public interest.

30 (3)(a) As limited by (b) of this subsection and subject to (c) of  
31 this subsection, each spirits distributor licensee must pay to the  
32 board, for deposit into the liquor revolving fund, a license issuance  
33 fee calculated as follows:

34 (i) In each of the first twenty-seven months of licensure, ten  
35 percent of the total revenue from all the licensee's sales of spirits  
36 made during the month for which the fee is due, respectively; and

37 (ii) In the twenty-eighth month of licensure and each month  
38 thereafter, five percent of the total revenue from all the licensee's

1 sales of spirits made during the month for which the fee is due,  
2 respectively.

3 (b) The fee required under this subsection (3) is calculated only  
4 on sales of items which the licensee was the first spirits  
5 distributor in the state to have received:

6 (i) In the case of spirits manufactured in the state, from the  
7 distiller; or

8 (ii) In the case of spirits manufactured outside the state, from  
9 an authorized out-of-state supplier.

10 (c) By March 31, 2013, all persons holding spirits distributor  
11 licenses on or before March 31, 2013, must have paid collectively one  
12 hundred fifty million dollars or more in spirits distributor license  
13 fees. If the collective payment through March 31, 2013, totals less  
14 than one hundred fifty million dollars, the board must, according to  
15 rules adopted by the board for the purpose, collect by May 31, 2013,  
16 as additional spirits distributor license fees the difference between  
17 one hundred fifty million dollars and the actual receipts, allocated  
18 among persons holding spirits distributor licenses at any time on or  
19 before March 31, 2013, ratably according to their spirits sales made  
20 during calendar year 2012. Any amount by which such payments exceed  
21 one hundred fifty million dollars by March 31, 2013, must be credited  
22 to future license issuance fee obligations of spirits distributor  
23 licensees according to rules adopted by the board.

24 (d) A retail licensee selling for resale must pay a distributor  
25 license fee under the terms and conditions in this section on resales  
26 of spirits the licensee has purchased on which no other distributor  
27 license fee has been paid. The board must establish rules setting  
28 forth the frequency and timing of such payments and reporting of  
29 sales dollar volume by the licensee, with payments due quarterly in  
30 arrears.

31 (e) No spirits inventory may be subject to calculation of more  
32 than a single spirits distributor license issuance fee.

33 (4) In addition to the payment set forth in subsection (3) of  
34 this section, each spirits distributor licensee renewing its annual  
35 license must pay an annual license renewal fee of one thousand three  
36 hundred twenty dollars for each licensed location.

37 (5) There is no minimum facility size or capacity for spirits  
38 distributor licenses, and no limit on the number of such licenses  
39 issued to qualified applicants. License applicants must provide  
40 physical security of the product that is substantially as effective



1 as the physical security of the distribution facilities currently  
2 operated by the board with respect to preventing pilferage. License  
3 issuances and renewals are subject to RCW 66.24.010 and the  
4 regulations promulgated 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 distributor  
8 premises licensed to sell beer and/or wine are deemed to be premises  
9 "now licensed" under RCW 66.24.010(9)(a) for the purpose of  
10 processing applications for spirits distributor licenses.

11 **Sec. 14.** RCW 66.24.695 and 2017 c 229 s 1 are each amended to  
12 read as follows:

13 (1) There shall be a bonded and nonbonded spirits warehouse  
14 license for spirits warehouses that authorizes the storage and  
15 handling of bonded bulk spirits and, to the extent allowed under  
16 federal law and under rules adopted by the board, bottled spirits and  
17 the storage of tax-paid spirits not in bond. Under this license a  
18 licensee may maintain a warehouse for the storage of federally  
19 authorized spirits off the premises of a (~~distillery for distillers~~  
20 ~~qualified under RCW 66.24.140, 66.24.145, or~~) distilled spirits  
21 producer, distilled spirits brand owner, or merchant bottler licensed  
22 under RCW 66.24.140, or manufacturer licensed under RCW 66.24.150, or  
23 entities otherwise licensed and permitted in this state, or bulk  
24 spirits transferred in bond from out-of-state distilleries and, to  
25 the extent allowed by federal law and under rules adopted by the  
26 board, bottled spirits, if the storage of the federally authorized  
27 spirits transferred into the state is for storage only and not for  
28 processing or bottling in the bonded spirits warehouse. A licensee  
29 must designate clearly in its license application to the board the  
30 sections of the warehouse that are bonded and nonbonded with a  
31 physical separation between such spaces. Only spirits in bond may be  
32 stored in the bonded sections of the warehouse and only spirits that  
33 have been removed from bond tax-paid may be stored in nonbonded areas  
34 of the warehouse. The proprietor of the warehouse must maintain a  
35 plan for tracking spirits being stored in the warehouse to ensure  
36 compliance with relevant bonding and tax obligations.

37 (2) The board must adopt similar qualifications for a spirits  
38 warehouse licensed under this section as required for obtaining a  
39 (~~distillery license as specified in~~) distilled spirits producer,

1 distilled spirits brand owner, merchant bottler, or manufacturer  
2 license under RCW 66.24.140(~~(, 66.24.145,)~~) and 66.24.150. A licensee  
3 must be a sole proprietor, a partnership, a limited liability  
4 company, a corporation, a port authority, a city, a county, or any  
5 other public entity or subdivision of the state that elects to  
6 license a bonded spirits warehouse as an agricultural or economic  
7 development activity. One or more (~~(domestic distilleries)~~) distilled  
8 spirits producers, distilled spirits brand owners, merchant bottlers,  
9 or manufacturers may operate as a partnership, corporation, business  
10 co-op, cotenant, or agricultural co-op for the purpose of obtaining a  
11 bonded and nonbonded spirits warehouse license or storing spirits in  
12 the facility under a common management and oversight agreement free  
13 of charge or for a fee.

14 (3) Spirits in bond may be removed from a bonded spirits  
15 warehouse for the purpose of being:

16 (a) Exported from the state;

17 (b) Returned to a (~~(distillery)~~) distilled spirits producer,  
18 distilled spirits brand owner, merchant bottler, manufacturer, or  
19 spirits warehouse licensed under RCW 66.24.140, 66.24.150, or this  
20 section; or

21 (c) Transferred to a (~~(distillery)~~) distilled spirits producer,  
22 distilled spirits brand owner, merchant bottler, manufacturer,  
23 spirits warehouse licensed under this section, or a licensed bottling  
24 or packaging facility.

25 (4) Bottled spirits that are being removed from a spirits  
26 warehouse licensed under this section tax-paid may be:

27 (a) Transferred back to the (~~(distillery)~~) licensee that produced  
28 them;

29 (b) Shipped to a licensed Washington spirits distributor;

30 (c) Shipped to a licensed Washington spirits retailer, so long as  
31 the licensee holds a license with privileges that include  
32 distributing its spirits to retailers or the sale is otherwise  
33 expressly authorized by law;

34 (d) Exported from the state; or

35 (e) Removed for direct shipping to a consumer pursuant to RCW  
36 66.20.410.

37 (5) The ownership and operation of a spirits warehouse facility  
38 licensed under this section may be by a person or entity other than  
39 those described in this section acting in a commercial warehouse

1 management position under contract for such licensed persons or  
2 entities on their behalf.

3 (6) A license applicant must demonstrate the right to have  
4 warehoused spirits under a valid federal permit held by a licensee  
5 who maintains ownership and title to the spirits while they are in  
6 storage in the spirits warehouse licensed under this section. The fee  
7 for this license is one hundred dollars per year.

8 (7) The board must adopt rules requiring a spirits warehouse  
9 licensed under this section to be physically secure, zoned for the  
10 intended use, and physically separated from any other use.

11 (8) The operator or licensee operating a spirits warehouse  
12 licensed under this section must submit to the board a monthly report  
13 of movement of spirits to and from a warehouse licensed under this  
14 section in a form prescribed by the board. The board may adopt other  
15 necessary procedures by which such warehouses are licensed and  
16 regulated.

17 (9) The board may require a single annual permit valid for a full  
18 calendar year issued to each licensee or entity warehousing spirits  
19 under this section that allows for unlimited transfers to and from  
20 such warehouse within that year. The fee for this permit is one  
21 hundred dollars per year.

22 (10) Handling of bottled spirits that have been removed from bond  
23 tax-paid and that reside in the spirits warehouse licensed under this  
24 section includes packaging and repackaging services; bottle labeling  
25 services; creating baskets or variety packs that may or may not  
26 include nonspirits products; and picking, packing, and shipping  
27 spirits orders on behalf of a (~~licensed distillery~~) licensee direct  
28 to consumers in accordance with RCW 66.20.410. A (~~distillery~~)  
29 licensee contracting with the operator of a spirits warehouse  
30 licensed under this section for handling bottled spirits must comply  
31 with all applicable state and federal laws and is responsible for  
32 financial transactions in direct to consumer shipping activities.

33 **Sec. 15.** RCW 66.24.640 and 2017 c 229 s 2 are each amended to  
34 read as follows:

35 (1) Subject to subsection (2) of this section, any distiller  
36 licensed under this title may act as a retailer and/or distributor to  
37 retailers selling for consumption on or off the licensed premises of  
38 spirits of its own production, and any manufacturer, importer, or  
39 bottler of spirits holding a certificate of approval may act as a

1 distributor of spirits it is entitled to import into the state under  
2 such certificate. The board must by rule provide for issuance of  
3 certificates of approval to spirits suppliers. An industry member  
4 operating as a distributor and/or retailer under this section must  
5 comply with the applicable laws and rules relating to distributors  
6 and/or retailers, except that an industry member operating as a  
7 distributor under this section may maintain a warehouse off the  
8 distillery premises for the distribution of bottled spirits of its  
9 own production to spirits retailers within the state and for bottled  
10 foreign-made spirits that such distillery is entitled to distribute  
11 under this title, if the warehouse is within the United States and  
12 has been approved by the board.

13 (2) Nothing in this section authorizes a licensed merchant  
14 bottler or licensed distilled spirits brand owner to exercise any  
15 privilege not expressly provided in RCW 66.24.140.

16 NEW SECTION. **Sec. 16.** If any provision of this act or its  
17 application to any person or circumstance is held invalid, the  
18 remainder of the act or the application of the provision to other  
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 17.** This act takes effect January 1, 2019.

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