
HOUSE BILL 2991

State of Washington

65th Legislature

2018 Regular Session

By Representative Tarleton

Read first time 02/15/18. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to updating spirits industry regulation,
2 including licensing and fees; amending RCW 66.04.010, 66.24.140,
3 66.24.145, 66.24.520, 66.24.630, 66.28.040, 66.28.295, 66.20.410,
4 66.20.010, 66.24.055, 66.24.695, 66.24.640, 19.126.020, and
5 66.24.660; creating a new section; and providing an effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 ~~((14))~~ (13) "Distilled spirits brand owner" means a person or
16 entity licensed under this title whose primary business is the
17 marketing of one or more brands of distilled spirits without being
18 substantially involved in the distillation, redistillation,
19 rectification, blending, flavoring, or bottling of such spirits. The
20 board shall establish rules for what constitutes being "substantially
21 involved."

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

25 (15) "Distiller" means a person engaged in the business of
26 distilling spirits.

27 ~~((15))~~ (16) "Domestic brewery" means a place where beer and
28 malt liquor are manufactured or produced by a brewer within the
29 state.

30 ~~((16))~~ (17) "Domestic winery" means a place where wines are
31 manufactured or produced within the state of Washington.

32 ~~((17))~~ (18) "Drug store" means a place whose principal business
33 is, the 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))~~ (19) "Druggist" means any person who holds a valid
37 certificate and is a registered pharmacist and is duly and regularly
38 engaged in carrying on the business of pharmaceutical chemistry
39 pursuant to chapter 18.64 RCW.

40 ~~((19))~~ (20) "Employee" means any person employed by the board.

1 (~~(20)~~) (21) "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)~~) (22) "Fund" means 'liquor revolving fund.'

11 (~~(22)~~) (23) "Hotel" means buildings, structures, and grounds,
12 having facilities for preparing, cooking, and serving food, that are
13 kept, used, maintained, advertised, or held out to the public to be a
14 place where food is served and sleeping accommodations are offered
15 for pay to transient guests, in which twenty or more rooms are used
16 for the sleeping accommodation of such transient guests. The
17 buildings, structures, and grounds must be located on adjacent
18 property either owned or leased by the same person or persons.

19 (~~(23)~~) (24) "Importer" means a person who buys distilled
20 spirits from a distillery outside the state of Washington and imports
21 such spirituous liquor into the state for sale to the board or for
22 export.

23 (~~(24)~~) (25) "Imprisonment" means confinement in the county
24 jail.

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

37 (~~(26)~~) (27) "Malt beverage" or "malt liquor" means any beverage
38 such as beer, ale, lager beer, stout, and porter obtained by the
39 alcoholic fermentation of an infusion or decoction of pure hops, or
40 pure extract of hops and pure barley malt or other wholesome grain or

1 cereal in pure water containing not more than eight percent of
2 alcohol by weight, and not less than one-half of one percent of
3 alcohol by volume. For the purposes of this title, any such beverage
4 containing more than eight percent of alcohol by weight shall be
5 referred to as "strong beer."

6 ~~((+27+))~~ (28) "Manufacturer" means a person engaged in the
7 preparation of liquor for sale, in any form whatsoever.

8 ~~((+28+))~~ (29) "Nightclub" means an establishment that provides
9 entertainment and has as its primary source of revenue (a) the sale
10 of alcohol for consumption on the premises, (b) cover charges, or (c)
11 both.

12 ~~((+29+))~~ (30) "Package" means any container or receptacle used
13 for holding liquor.

14 ~~((+30+))~~ (31) "Passenger vessel" means any boat, ship, vessel,
15 barge, or other floating craft of any kind carrying passengers for
16 compensation.

17 ~~((+31+))~~ (32) "Permit" means a permit for the purchase of liquor
18 under this title.

19 ~~((+32+))~~ (33) "Person" means an individual, copartnership,
20 association, or corporation.

21 ~~((+33+))~~ (34) "Physician" means a medical practitioner duly and
22 regularly licensed and engaged in the practice of his or her
23 profession within the state pursuant to chapter 18.71 RCW.

24 ~~((+34+))~~ (35) "Powdered alcohol" means any powder or crystalline
25 substance containing alcohol that is produced for direct use or
26 reconstitution.

27 ~~((+35+))~~ (36) "Prescription" means a memorandum signed by a
28 physician and given by him or her to a patient for the obtaining of
29 liquor pursuant to this title for medicinal purposes.

30 ~~((+36+))~~ (37) "Public place" includes streets and alleys of
31 incorporated cities and towns; state or county or township highways
32 or roads; buildings and grounds used for school purposes; public
33 dance halls and grounds adjacent thereto; those parts of
34 establishments where beer may be sold under this title, soft drink
35 establishments, public buildings, public meeting halls, lobbies,
36 halls and dining rooms of hotels, restaurants, theatres, stores,
37 garages and filling stations (~~which~~) that are open to and are
38 generally used by the public and to which the public is permitted to
39 have unrestricted access; railroad trains, stages, and other public
40 conveyances of all kinds and character, and the depots and waiting

1 rooms used in conjunction therewith which are open to unrestricted
2 use and access by the public; publicly owned bathing beaches, parks,
3 and/or playgrounds; and all other places of like or similar nature to
4 which the general public has unrestricted right of access, and which
5 are generally used by the public.

6 ~~((+37+))~~ (38) "Regulations" means regulations made by the board
7 under the powers conferred by this title.

8 ~~((+38+))~~ (39) "Restaurant" means any establishment provided with
9 special space and accommodations where, in consideration of payment,
10 food, without lodgings, is habitually furnished to the public, not
11 including drug stores and soda fountains.

12 ~~((+39+))~~ (40) "Sale" and "sell" include exchange, barter, and
13 traffic; and also include the selling or supplying or distributing,
14 by any means whatsoever, of liquor, or of any liquid known or
15 described as beer or by any name whatever commonly used to describe
16 malt or brewed liquor or of wine, by any person to any person; and
17 also include a sale or selling within the state to a foreign
18 consignee or his or her agent in the state. "Sale" and "sell"
19 ~~((shall))~~ does not include the giving, at no charge, of a reasonable
20 amount of liquor by a person not licensed by the board to a person
21 not licensed by the board, for personal use only. "Sale" and "sell"
22 also does not include a raffle authorized under RCW 9.46.0315(~~+
23 PROVIDED, That~~)). However, the nonprofit organization conducting the
24 raffle has obtained the appropriate permit from the board.

25 ~~((+40+))~~ (41) "Service bar" means a fixed or portable table,
26 counter, cart, or similar work station primarily used to prepare,
27 mix, serve, and sell alcohol that is picked up by employees or
28 customers. Customers may not be seated or allowed to consume food or
29 alcohol at a service bar.

30 ~~((+41+))~~ (42) "Soda fountain" means a place especially equipped
31 with apparatus for the purpose of dispensing soft drinks, whether
32 mixed or otherwise.

33 ~~((+42+))~~ (43) "Spirits" means any beverage which contains alcohol
34 obtained by distillation, except flavored malt beverages, but
35 including wines exceeding twenty-four percent of alcohol by volume.

36 ~~((+43+))~~ (44) "Store" means a state liquor store established
37 under this title.

38 ~~((+44+))~~ (45) "Tavern" means any establishment with special space
39 and accommodation for sale by the glass and for consumption on the
40 premises, of beer, as herein defined.

1 (~~(45)~~) (46) "VIP airport lounge" means an establishment within
2 an international airport located beyond security checkpoints that
3 provides a special space to sit, relax, read, work, and enjoy
4 beverages where access is controlled by the VIP airport lounge
5 operator and is generally limited to the following classifications of
6 persons:

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

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

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

17 (d) Airport and airline employees, government officials, foreign
18 dignitaries, and other attendees of functions held by the airport
19 authority or airlines related to the promotion of business objectives
20 such as increasing international air traffic and enhancing foreign
21 trade where access to the VIP airport lounge will be controlled by
22 the VIP airport lounge operator; and

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

26 (~~(46)~~) (47) "VIP airport lounge operator" means an airline,
27 port district, or other entity operating a VIP airport lounge that:
28 Is accountable for compliance with the alcohol beverage control act
29 under this title; holds the license under chapter 66.24 RCW issued to
30 the VIP airport lounge; and provides a point of contact for
31 addressing any licensing and enforcement by the board.

32 (~~(47)~~) (48)(a) "Wine" means any alcoholic beverage obtained by
33 fermentation of fruits (grapes, berries, apples, et cetera) or other
34 agricultural product containing sugar, to which any saccharine
35 substances may have been added before, during or after fermentation,
36 and containing not more than twenty-four percent of alcohol by
37 volume, including sweet wines fortified with wine spirits, such as
38 port, sherry, muscatel, and angelica, not exceeding twenty-four
39 percent of alcohol by volume and not less than one-half of one
40 percent of alcohol by volume. For purposes of this title, any

1 beverage containing no more than fourteen percent of alcohol by
2 volume when bottled or packaged by the manufacturer shall be referred
3 to as "table wine," and any beverage containing alcohol in an amount
4 more than fourteen percent by volume when bottled or packaged by the
5 manufacturer shall be referred to as "fortified wine." However,
6 "fortified wine" (~~shall~~) does not include: (i) Wines that are both
7 sealed or capped by cork closure and aged two years or more; and (ii)
8 wines that contain more than fourteen percent alcohol by volume
9 solely as a result of the natural fermentation process and that have
10 not been produced with the addition of wine spirits, brandy, or
11 alcohol.

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

15 (~~(48)~~) (49) "Wine distributor" means a person who buys wine
16 from a domestic winery, wine certificate of approval holder, or wine
17 importer, or who acquires foreign produced wine from a source outside
18 of the United States, for the purpose of selling the same not in
19 violation of this title, or who represents such vintner or winery as
20 agent.

21 (~~(49)~~) (50) "Wine importer" means a person or business within
22 Washington who purchases wine from a wine certificate of approval
23 holder or who acquires foreign produced wine from a source outside of
24 the United States for the purpose of selling the same pursuant to
25 this title.

26 (~~(50)~~) (51) "Winery" means a business conducted by any person
27 for the manufacture of wine for sale, other than a domestic winery.

28 **Sec. 2.** RCW 66.24.140 and 2017 c 260 s 1 are each amended to
29 read as follows:

30 (1)(a) There is a license (~~to distillers, including blending,~~
31 ~~rectifying, and bottling; fee two thousand dollars per annum, unless~~
32 ~~provided otherwise as follows:~~

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

37 ~~(b))~~ for distilled spirits producers in this state that distill,
38 redistill, rectify, age, blend, flavor, bottle, or contract bottle
39 spirits. For distilled spirits producers producing ten thousand proof

1 gallons or less of spirits in a year the license fee is three hundred
2 dollars per annum; for distilled spirits producers producing more
3 than ten thousand proof gallons but not more than one hundred
4 thousand proof gallons in a year the fee is one thousand dollars per
5 annum; and for distilled spirits producers producing more than one
6 hundred thousand proof gallons in a year the fee is five thousand
7 dollars per annum.

8 (i) A distilled spirits producer must distill or redistill no
9 less than one-half of the stock keeping units of product that are
10 traditionally made through distillation or redistillation of its own
11 production and that it sells in its in-state tasting rooms or to in-
12 state retailers or in-state distributors under its own brand. The
13 requirements and calculations for distillation or redistillation do
14 not apply against finished distilled spirits products that are
15 recognized classes by the federal government as being produced via
16 other traditional methods, such as but not limited to, the creation
17 of liqueurs, cordials, or recognized cocktails.

18 (ii)(A) A distilled spirits producer may distill, redistill,
19 rectify, blend, flavor, bottle, or contract bottle distilled spirits
20 under contract for another entity entitled to purchase, market, or
21 resell such spirits, or to produce distilled spirits for a
22 manufacturer or distilled spirits brand owner.

23 (B) A distilled spirits producer may operate a warehouse off the
24 premises of its production facility for the storage and distribution
25 of spirits in accordance with RCW 66.24.640.

26 (iii) Licensees who held a valid in-state "distillery" or "craft
27 distillery" license on the day before the effective date of this
28 section, as those terms were defined before the effective date of
29 this section, must automatically be granted the licenses and
30 privileges afforded under this act so long as they can demonstrate to
31 the board that they otherwise meet the requirements of this section.

32 (b) There is a license for distilled spirits brand owners. For a
33 distilled spirits brand owner selling ten thousand proof gallons or
34 less of spirits in a year the license fee is two thousand five
35 hundred dollars per annum; for a distilled spirits brand owner
36 selling more than ten thousand proof gallons in a year the fee is
37 five thousand dollars per annum. A distilled spirits brand owner must
38 also hold a notice with the federal bureau of alcohol and tobacco tax
39 and trade for the legal right to market, possess, and sell such
40 distilled spirits products or brand. The license includes the right

1 to store bulk and finished distilled spirits products in a warehouse
2 covered by the license.

3 (i) Products produced by a distilled spirits brand owner may be
4 sold only as follows:

5 (A) The product may be sold to an entity licensed to distribute
6 in this state;

7 (B) For export out of this state, the product may be sold to a
8 properly licensed entity; and

9 (C) If the product was produced under contract by a licensed
10 distilled spirits producer in this state, then such product may be
11 stored and sold through any approved distribution channel established
12 by such distilled spirits producer for in-state wholesale or export
13 transactions under this title.

14 (ii) In addition to the fees required in (b) of this subsection
15 each distilled spirits brand owner shall pay on a monthly basis a
16 bond removal excise fee of twenty-five cents per liter of finished
17 bottles or packages removed from a bond tax determined or transferred
18 in bond.

19 (c) The board must license stills used and to be used solely and
20 only by a commercial chemist for laboratory purposes, and not for the
21 manufacture of liquor for sale, at a fee of twenty dollars per
22 annum((+)).

23 ((+e)) (d) The board must license stills used and to be used
24 solely and only for laboratory purposes in any school, college, or
25 educational institution in the state, without fee((+and)).

26 ((+d)) (e) The board must license stills that have been duly
27 licensed as fruit and/or wine distilleries by the federal government,
28 used and to be used solely as fruit and/or wine distilleries in the
29 production of fruit brandy and wine spirits, at a fee of two hundred
30 dollars per annum.

31 (2) ((Any distillery)) A distilled spirits producer licensed
32 under this section may:

33 (a) Sell spirits of its own production for consumption off the
34 premises. A ((distillery)) distilled spirits producer selling spirits
35 under this subsection must comply with the applicable laws and rules
36 relating to retailers;

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

40 (c) Provide samples subject to the following conditions:

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

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

8 (iii) Sell adulterated samples of spirits of their own
9 production, water, and/or ice to persons on the premises at the
10 distillery; and

11 (iv) Every person who participates in any manner in the service
12 of these samples must obtain a class 12 alcohol server permit.

13 (3) Distilling is an agricultural practice.

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

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

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

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

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

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

36 (b) For each month during which a ~~((distillery or craft
37 distillery))~~ distilled spirits producer will sell spirits at a
38 qualifying farmers market, the ~~((distillery or craft distillery))~~
39 distilled spirits producer must provide the board or its designee a

1 list of the dates, times, and locations at which bottled spirits may
2 be offered for sale. This list must be received by the board before
3 the spirits may be offered for sale at a qualifying farmers market.

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

13 (d) Before a ~~((distillery or craft distillery))~~ distilled spirits
14 producer may sell bottled spirits at a qualifying farmers market, the
15 farmers market must apply to the board for authorization for any
16 ~~((distillery or craft distillery))~~ distilled spirits producer with an
17 endorsement approved under this subsection to sell bottled spirits at
18 retail at the farmers market. This application must include, at a
19 minimum: (i) A map of the farmers market showing all booths, stalls,
20 or other designated locations at which an approved ~~((distillery or~~
21 ~~craft distillery))~~ distilled spirits producer may sell bottled
22 spirits; and (ii) the name and contact information for the on-site
23 market managers who may be contacted by the board or its designee to
24 verify the locations at which bottled spirits may be sold. Before
25 authorizing a qualifying farmers market to allow an approved
26 ~~((distillery or craft distillery))~~ distilled spirits producer to sell
27 bottled spirits at retail at its farmers market location, the board
28 must notify the persons or entities of such application for
29 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
30 granted under this subsection ~~((+4))~~ (1)(d) may be withdrawn by the
31 board for any violation of this title or any rules adopted under this
32 title.

33 (e) For the purposes of this subsection ~~((+4))~~ (1), "qualifying
34 farmers market" has the same meaning as defined in RCW 66.24.170.

35 ~~((+5))~~ (2) A distilled spirits producer may apply to the board
36 for a special occasion endorsement. The endorsement fee is one
37 hundred dollars per annum. During an event held by a nonprofit
38 society or organization holding a special occasion license issued
39 under RCW 66.24.380, a distilled spirits producer with the
40 endorsement may take orders, either in writing or electronically, and

1 accept payment for spirits of its own production under the following
2 conditions:

3 (a) Spirits produced by the distilled spirits producer may be
4 served for on-premises consumption by the special occasion licensee;

5 (b) The distilled spirits producer must deliver spirits to the
6 consumer on a date after the conclusion of the special occasion
7 event;

8 (c) The distilled spirits producer must deliver spirits to the
9 consumer at a location different from the location at which the
10 special occasion event is held;

11 (d) The distilled spirits producer must comply with all
12 requirements in chapter 66.20 RCW for direct sale of spirits to
13 consumers;

14 (e) The spirits may not be sold for resale; and

15 (f) The distilled spirits producer is entitled to all proceeds
16 from the sale and delivery of its spirits to a consumer after the
17 conclusion of the special occasion event, but may enter into an
18 agreement to share a portion of the proceeds of these sales with the
19 special occasion licensee licensed under RCW 66.24.380.

20 (3) The board must adopt rules to implement the alcohol server
21 permit requirement and may adopt additional rules to implement this
22 section.

23 ~~((6) Distilling is an agricultural practice.))~~

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

26 There shall be a grower's license to sell wine or spirits made
27 from grapes or other agricultural products owned at the time of
28 vinification or distillation by the licensee in bulk to holders of
29 domestic wineries', distillers', or manufacturers' licenses or for
30 export. The wine or spirits ~~((shall))~~ must be ~~((made))~~ produced or
31 manufactured upon the premises of a domestic winery or ~~((craft~~
32 ~~distillery))~~ distilled spirits producer licensee and is referred to
33 in this section as grower's wine or grower's spirits. A grower's
34 license authorizes the agricultural product grower to contract for
35 the manufacturing of wine or spirits from the grower's own
36 agricultural product, store wine or spirits in bulk made from
37 agricultural products produced by the holder of this license, and to
38 sell wine or spirits in bulk made from the grower's own agricultural
39 products to a winery or ~~((distillery))~~ distilled spirits producer in

1 the state of Washington or to export in bulk for sale out-of-state.
2 The annual fee for a grower's license shall be seventy-five dollars.
3 For the purpose of chapter 66.28 RCW, a grower licensee (~~shall be~~)
4 is deemed a manufacturer.

5 **Sec. 5.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read
6 as follows:

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

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

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

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

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

33 (ii) A distiller acting as distributor of the scheduled item in
34 the area.

35 (3)(a) Except as otherwise provided in (c) of this subsection,
36 the board may issue spirits retail licenses only for premises
37 comprising at least ten thousand square feet of fully enclosed retail
38 space within a single structure, including storerooms and other
39 interior auxiliary areas but excluding covered or fenced exterior

1 areas, whether or not attached to the structure, and only to
2 applicants that the board determines will maintain systems for
3 inventory management, employee training, employee supervision, and
4 physical security of the product substantially as effective as those
5 of stores currently operated by the board with respect to preventing
6 sales to or pilferage by underage or inebriated persons.

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

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

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

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

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

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

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

40 (ii) To other registered facilities; or

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

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

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

22 (b) (~~This subsection (4) does not apply to craft distilleries.~~)
23 (i) Pursuant to the legislature's plenary power to regulate the
24 import, export, manufacture, sale, distribution, and taxation of
25 alcohol into, inside of, and exported from the state of Washington,
26 under the twenty-first Amendment of the United States Constitution,
27 the legislature finds the following:

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

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

35 (C) The retail sale of spirits on the licensed premises of, or
36 controlled by, a distilled spirits producer, or off the premises of a
37 licensed distilled spirits producer under a license, permit,
38 endorsement, certificate, or other right granted to such licensee
39 under this title or by the board, are merely ancillary to the
40 production of spirits and are not primarily retail in nature.

1 (ii) For the purposes of (a) of this subsection, distilled
2 spirits producer licensees operating in this state are not considered
3 spirits retail licensees to the extent a licensee sells spirits
4 products of its own production; therefore, this subsection (4) does
5 not apply:

6 (A) To any aging product put into barrels or other aging vessels
7 before the effective date of this section by a distilled spirits
8 producer who held a "craft distillery" license up to or on the day
9 before the effective date of this section;

10 (B) To any spirits product already in finished packages or
11 bottles produced by a distilled spirits producer who held a "craft
12 distillery" license in this state up to or on the day before the
13 effective date of this section; and

14 (C) On or after the effective date of this section, to distilled
15 spirits producers producing spirits with at least seventy percent of
16 the raw materials used in the production grown in the state of
17 Washington.

18 (iii) On or after the effective date of this section, distilled
19 spirits producers producing spirits with less than seventy percent of
20 the raw materials used in the production grown in the state of
21 Washington are allowed a credit of up to seventy-five percent against
22 the fee in (a) of this subsection.

23 (iv) A distilled spirits producer must inform the board upon its
24 application for a distilled spirits producer license, or thereafter
25 annually at the time of its license renewal, whether it will qualify
26 for the credit amounts available under (b) of this subsection. Such
27 credit amounts shall be applied for that license year. A licensee may
28 change its declared credit level once per year by notifying the board
29 in writing of the change and paying a one hundred dollar filing fee.
30 A licensee who claims a credit amount greater than the licensee is
31 entitled to in any one license year must refund the amount of credit
32 to which the licensee was not entitled and pay a ten percent penalty
33 on the amount of credit the licensee was not entitled to claim.

34 (v) For purposes of calculating qualifying raw material
35 percentages for (b) of this subsection, the totals must:

36 (A) Exclude agave juice, agave syrup, sugar cane, sugar cane
37 juice, molasses from sugar cane, or any other derivative of agave or
38 sugar cane used to ferment distillate base by a distilled spirits
39 producer;

1 (B) Include either the raw ingredients used to make the base
2 spirits of the finished products or the fruit, spice, or herb
3 flavorings blended or added to make finished products of a distilled
4 spirits producer;

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

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

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

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

29 (7) The maximum penalties prescribed by the board in WAC
30 314-29-020 through 314-29-040 relating to fines and suspensions are
31 doubled for violations relating to the sale of spirits by spirits
32 retail licensees.

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

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

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

7 (d) To participate in the responsible vendor program, licensees
8 must submit an application form to the board. If the application
9 establishes that the licensee meets the qualifications to join the
10 program, the board must send the licensee a membership certificate.

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

13 (i) Provide ongoing training to employees;

14 (ii) Accept only certain forms of identification for alcohol
15 sales;

16 (iii) Adopt policies on alcohol sales and checking
17 identification;

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

19 (v) Keep records verifying compliance with the program's
20 requirements.

21 (f)(i) A spirits retail licensee that also holds a grocery store
22 license under RCW 66.24.360 or a beer and/or wine specialty shop
23 license under RCW 66.24.371 may, upon board approval and pursuant to
24 board rules, transition to a combination spirits, beer, and wine
25 license pursuant to RCW 66.24.035.

26 (ii) An applicant that would qualify for a spirits retail license
27 under this section and that qualifies for a combination spirits,
28 beer, and wine license pursuant to RCW 66.24.035 may apply for a
29 license pursuant to RCW 66.24.035 instead of applying for a spirits
30 retail license under this section.

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

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

38 (2) Nothing in this section nor in RCW 66.28.305 prevents a
39 domestic brewery, microbrewery, distributor, domestic winery,

1 distiller, certificate of approval holder, or importer from
2 furnishing samples of beer, wine, or spirituous liquor to authorized
3 licensees for the purpose of negotiating a sale, in accordance with
4 regulations adopted by the liquor and cannabis board, provided that
5 the samples are subject to taxes imposed by RCW 66.24.290 and
6 66.24.210((+)).

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

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

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

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

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

37 (8) Nothing in this section prevents a (~~(craft distillery from~~
38 ~~serving spirits, on the distillery premises subject to RCW~~
39 ~~66.24.145)~~) distilled spirits producer from providing or serving

1 spirits on the distilled spirits producer premises subject to RCW
2 66.24.140.

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

5 Nothing in RCW 66.28.290 (~~shall~~) prohibits:

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

10 (2) A domestic winery from being licensed as a retailer pursuant
11 to chapter 66.24 RCW for the purpose of selling beer or wine at
12 retail on the winery premises. Such beer and wine so sold at retail
13 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210
14 and to reporting and bonding requirements as prescribed by
15 regulations adopted by the board pursuant to chapter 34.05 RCW, and
16 beer and wine that is not produced by the brewery or winery shall be
17 purchased from a licensed beer or wine distributor.

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

21 (4) A licensed (~~craft distillery from selling spirits of its own~~
22 ~~production under RCW 66.24.145.~~

23 (~~5) A licensed distiller~~) distilled spirits producer from
24 selling spirits of its own production under RCW 66.24.140.

25 (5) A licensed distilled spirits producer, domestic brewery,
26 microbrewery, domestic winery, or a lessee of a licensed domestic
27 brewer, microbrewery, or domestic winery, from being licensed as a
28 spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW for
29 the purpose of selling liquor at a spirits, beer, and wine restaurant
30 premises on the property on which the primary manufacturing facility
31 of the licensed (~~distiller~~) distiller spirits producer, domestic
32 brewer, microbrewery, or domestic winery is located or on contiguous
33 property owned or leased by the licensed (~~distiller~~) distiller
34 spirits producer, domestic brewer, microbrewery, or domestic winery
35 as prescribed by rules adopted by the board pursuant to chapter 34.05
36 RCW.

37 (6) A microbrewery holding a spirits, beer, and wine restaurant
38 license under RCW 66.24.420 from holding the same privileges and

1 endorsements attached to the spirits, beer, and wine restaurant
2 license.

3 (7) A brewery or microbrewery holding a spirits, beer, and wine
4 restaurant license or a beer and/or wine license under chapter 66.24
5 RCW operated on the premises of the brewery or microbrewery from
6 holding a second retail only license at a location separate from the
7 premises of the brewery or microbrewery.

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

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

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

28 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or
29 66.24.244 from exercising the privileges of distributing and selling
30 at retail such person's own production or from exercising any other
31 right or privilege that attaches to such license.

32 (12) A person holding a certificate of approval pursuant to RCW
33 66.24.206 from obtaining an endorsement to act as a distributor of
34 their own product or from shipping their own product directly to
35 consumers as authorized by RCW 66.20.360.

36 (13) A person holding a wine shipper's permit pursuant to RCW
37 66.20.375 from shipping their own product directly to consumers.

38 (14) A person holding a certificate of approval pursuant to RCW
39 66.24.270(2) from obtaining an endorsement to act as a distributor of
40 their own product.

1 (15) A domestic winery and a restaurant licensed under RCW
2 66.24.320 or 66.24.400 from entering an arrangement to waive a
3 corkage fee.

4 **Sec. 8.** RCW 66.20.410 and 2015 c 194 s 4 are each amended to
5 read as follows:

6 (1) The holder of a license to operate (~~((a distillery or craft~~
7 ~~distillery))~~ as a distilled spirits producer issued under RCW
8 66.24.140 (~~(or 66.24.145)~~) may accept orders for spirits from, and
9 deliver spirits to, customers if all of the following conditions are
10 met for each sale:

11 (a) Spirits are not used for resale;

12 (b) Spirits come directly from the (~~(distillery's or craft~~
13 ~~distillery's))~~ distilled spirits producer's possession prior to
14 shipment or delivery. All transactions are to be treated as if they
15 were conducted in the retail location of the (~~(distillery or craft~~
16 ~~distillery))~~ distilled spirits producer regardless of how they are
17 received or processed;

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

20 (d) Only a (~~(distillery or craft distillery))~~ distilled spirits
21 producer licensee or a licensee's direct employees may accept and
22 process orders and payments. A contractor may not do so on behalf of
23 a (~~(distillery or craft distillery))~~ distilled spirits producer
24 licensee, except for transmittal of payment through a third-party
25 service. A third-party service may not solicit customer business on
26 behalf of a (~~(distillery or craft distillery))~~ distilled spirits
27 producer licensee.

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

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

36 (4) To sell spirits via the internet, a new (~~(distillery or craft~~
37 ~~distillery))~~ distilled spirits producer license applicant must
38 request internet-sales privileges in his or her application. An
39 existing (~~(distillery or craft distillery))~~ distilled spirits

1 producer licensee must notify the board prior to beginning internet
2 sales. A corporate entity representing multiple licensees may notify
3 the board in a single letter on behalf of affiliated (~~distillery or~~
4 ~~craft distillery~~) distilled spirits producer licensees, as long as
5 the liquor license numbers of all licensee locations utilizing
6 internet sales privileges are clearly identified.

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

12 (6) Spirits may be delivered each day of the week between the
13 hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by
14 2:00 a.m.

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

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

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

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

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

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

31 (i) The package contains liquor;

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

33 (iii) Delivery to intoxicated persons is prohibited.

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

36 (i) Name of the purchaser;

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

38 (iii) Street addresses of the purchaser and the delivery
39 location; and

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

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

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

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

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

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

16 **Sec. 9.** RCW 66.20.010 and 2017 c 250 s 1 are each amended to
17 read as follows:

18 Upon application in the prescribed form being made to any
19 employee authorized by the board to issue permits, accompanied by
20 payment of the prescribed fee, and upon the employee being satisfied
21 that the applicant should be granted a permit under this title, the
22 employee must issue to the applicant under such regulations and at
23 such fee as may be prescribed by the board a permit of the class
24 applied for, as follows:

25 (1) Where the application is for a special permit by a physician
26 or dentist, or by any person in charge of an institution regularly
27 conducted as a hospital or sanitorium for the care of persons in ill
28 health, or as a home devoted exclusively to the care of aged people,
29 a special liquor purchase permit, except that the governor may waive
30 the requirement for a special liquor purchase permit under this
31 subsection pursuant to an order issued under RCW 43.06.220(2);

32 (2) Where the application is for a special permit by a person
33 engaged within the state in mechanical or manufacturing business or
34 in scientific pursuits requiring alcohol for use therein, or by any
35 private individual, a special permit to purchase alcohol for the
36 purpose named in the permit, except that the governor may waive the
37 requirement for a special liquor purchase permit under this
38 subsection pursuant to an order issued under RCW 43.06.220(2);

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

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

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

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

19 (7) Where the application is for a special permit by an
20 authorized representative of a military installation operated by or
21 for any of the armed forces within the geographical boundaries of the
22 state of Washington, a special permit to purchase liquor for use on
23 such military installation;

24 (8) Where the application is for a special permit by a vendor
25 that manufactures or sells a product which cannot be effectively
26 presented to potential buyers without serving it with liquor or by a
27 manufacturer, importer, or distributor, or representative thereof, to
28 serve liquor without charge to delegates and guests at a convention
29 of a trade association composed of licensees of the board, when the
30 said liquor is served in a hospitality room or from a booth in a
31 board-approved suppliers' display room at the convention, and when
32 the liquor so served is for consumption in the said hospitality room
33 or display room during the convention, anything in this title to the
34 contrary notwithstanding. Any such spirituous liquor must be
35 purchased from a spirits retailer or distributor, and any such liquor
36 is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and
37 66.24.210;

38 (9) Where the application is for a special permit by a
39 manufacturer, importer, or distributor, or representative thereof, to
40 donate liquor for a reception, breakfast, luncheon, or dinner for

1 delegates and guests at a convention of a trade association composed
2 of licensees of the board, when the liquor so donated is for
3 consumption at the said reception, breakfast, luncheon, or dinner
4 during the convention, anything in this title to the contrary
5 notwithstanding. Any such spirituous liquor must be purchased from a
6 spirits retailer or distributor, and any such liquor is subject to
7 the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

8 (10) Where the application is for a special permit by a
9 manufacturer, importer, or distributor, or representative thereof, to
10 donate and/or serve liquor without charge to delegates and guests at
11 an international trade fair, show, or exposition held under the
12 auspices of a federal, state, or local governmental entity or
13 organized and promoted by a nonprofit organization, anything in this
14 title to the contrary notwithstanding. Any such spirituous liquor
15 must be purchased from a liquor spirits retailer or distributor, and
16 any such liquor is subject to the taxes imposed by RCW 82.08.150,
17 66.24.290, and 66.24.210;

18 (11) Where the application is for an annual special permit by a
19 person operating a bed and breakfast lodging facility to donate or
20 serve wine or beer without charge to overnight guests of the facility
21 if the wine or beer is for consumption on the premises of the
22 facility. "Bed and breakfast lodging facility," as used in this
23 subsection, means a facility offering from one to eight lodging units
24 and breakfast to travelers and guests;

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

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

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

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

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

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

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

10 (13) Where the application is for a special permit by a
11 (~~distillery or craft distillery~~) distilled spirits producer for an
12 event not open to the general public to be held or conducted at a
13 specific place, including at the licensed premises of the applying
14 (~~distillery or craft distillery~~) distilled spirits producer, upon a
15 specific date for the purpose of tasting and selling spirits of its
16 own production. The (~~distillery or craft distillery~~) distilled
17 spirits producer must obtain a permit for a fee of ten dollars per
18 event. An application for the permit must be submitted for private
19 banquet permits prior to the event and, once issued, the permit must
20 be posted in a conspicuous place at the premises for which the permit
21 was issued during all times the permit is in use. No licensee may
22 receive more than twelve permits under this subsection (13) each
23 year;

24 (14) Where the application is for a special permit by a
25 manufacturer of wine for an event not open to the general public to
26 be held or conducted at a specific place upon a specific date for the
27 purpose of tasting and selling wine of its own production. The winery
28 must obtain a permit for a fee of ten dollars per event. An
29 application for the permit must be submitted at least ten days before
30 the event and once issued, must be posted in a conspicuous place at
31 the premises for which the permit was issued during all times the
32 permit is in use. No more than twelve events per year may be held by
33 a single manufacturer under this subsection;

34 (15) Where the application is for a special permit by a
35 manufacturer of beer for an event not open to the general public to
36 be held or conducted at a specific place upon a specific date for the
37 purpose of tasting and selling beer of its own production. The
38 brewery or microbrewery must obtain a permit for a fee of ten dollars
39 per event. An application for the permit must be submitted at least
40 ten days before the event and, once issued, must be posted in a

1 conspicuous place at the premises for which the permit was issued
2 during all times the permit is in use. No more than twelve events per
3 year may be held by a single manufacturer under this subsection;

4 (16) Where the application is for a special permit by an
5 individual or business to sell a private collection of wine or
6 spirits to an individual or business. The seller must obtain a permit
7 at least five business days before the sale, for a fee of twenty-five
8 dollars per sale. The seller must provide an inventory of products
9 sold and the agreed price on a form provided by the board. The seller
10 shall submit the report and taxes due to the board no later than
11 twenty calendar days after the sale. A permit may be issued under
12 this section to allow the sale of a private collection to licensees,
13 but may not be issued to a licensee to sell to a private individual
14 or business which is not otherwise authorized under the license held
15 by the seller. If the liquor is purchased by a licensee, all sales
16 are subject to taxes assessed as on liquor acquired from any other
17 source. The board may adopt rules to implement this section;

18 (17)(a) A special permit, where the application is for a special
19 permit by a nonprofit organization to sell wine through an auction,
20 not open to the public, to be conducted at a specific place, upon a
21 specific date, and to allow wine tastings at the auction of the wine
22 to be auctioned.

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

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

26 (ii) Allow tastings of samples of the wine to be auctioned at the
27 event.

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

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

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

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

5 **Sec. 10.** RCW 66.24.055 and 2013 2nd sp.s. c 12 s 1 are each
6 amended to read as follows:

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

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

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

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

34 (ii) In the twenty-eighth month of licensure and each month
35 thereafter, five percent of the total revenue from all the licensee's
36 sales of spirits made during the month for which the fee is due,
37 respectively.

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

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

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

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

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

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

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

35 (5) There is no minimum facility size or capacity for spirits
36 distributor licenses, and no limit on the number of such licenses
37 issued to qualified applicants. License applicants must provide
38 physical security of the product that is substantially as effective
39 as the physical security of the distribution facilities currently
40 operated by the board with respect to preventing pilferage. License

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

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

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

35 (2) The board must adopt similar qualifications for a spirits
36 warehouse licensed under this section as required for obtaining a
37 (~~distillery license as specified in~~) distilled spirits producer,
38 distilled spirits brand owner, or manufacturer license under
39 RCW 66.24.140(~~(, 66.24.145,))~~) and 66.24.150. A licensee must be a

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

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

14 (a) Exported from the state;

15 (b) Returned to a (~~distillery~~) distilled spirits producer,
16 distilled spirits brand owner, manufacturer, or spirits warehouse
17 licensed under RCW 66.24.140, 66.24.150, or this section; or

18 (c) Transferred to a (~~distillery~~) distilled spirits producer,
19 distilled spirits brand owner, manufacturer, spirits warehouse
20 licensed under this section, or a licensed bottling or packaging
21 facility.

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

24 (a) Transferred back to the (~~distillery~~) license that produced
25 them;

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

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

31 (d) Exported from the state; or

32 (e) Removed for direct shipping to a consumer pursuant to RCW
33 66.20.410.

34 (5) The ownership and operation of a spirits warehouse facility
35 licensed under this section may be by a person or entity other than
36 those described in this section acting in a commercial warehouse
37 management position under contract for such licensed persons or
38 entities on their behalf.

39 (6) A license applicant must demonstrate the right to have
40 warehoused spirits under a valid federal permit held by a licensee

1 who maintains ownership and title to the spirits while they are in
2 storage in the spirits warehouse licensed under this section. The fee
3 for this license is one hundred dollars per year.

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

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

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

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

29 **Sec. 12.** RCW 66.24.640 and 2017 c 229 s 2 are each amended to
30 read as follows:

31 (1) Subject to subsection (2) of this section, any distiller
32 licensed under this title may act as a retailer and/or distributor to
33 retailers selling for consumption on or off the licensed premises of
34 spirits of its own production, and any manufacturer, importer, or
35 bottler of spirits holding a certificate of approval may act as a
36 distributor of spirits it is entitled to import into the state under
37 such certificate. The board must by rule provide for issuance of
38 certificates of approval to spirits suppliers. An industry member
39 operating as a distributor and/or retailer under this section must

1 comply with the applicable laws and rules relating to distributors
2 and/or retailers, except that an industry member operating as a
3 distributor under this section may maintain a warehouse off the
4 distillery premises for the distribution of bottled spirits of its
5 own production to spirits retailers within the state and for bottled
6 foreign-made spirits that such distillery is entitled to distribute
7 under this title, if the warehouse is within the United States and
8 has been approved by the board.

9 (2) Nothing in this section authorizes a licensed distilled
10 spirits brand owner to exercise any privileges not expressly provided
11 in RCW 66.24.140.

12 **Sec. 13.** RCW 19.126.020 and 2014 c 92 s 3 are each amended to
13 read as follows:

14 The definitions in this section apply throughout this chapter
15 unless the context clearly requires otherwise.

16 (1) "Agreement of distributorship" means any contract, agreement,
17 commercial relationship, license, association, or any other
18 arrangement, for a definite or indefinite period, between a supplier
19 and distributor.

20 (2) "Authorized representative" has the same meaning as
21 "authorized representative" as defined in RCW 66.04.010.

22 (3) "Brand" means any word, name, group of letters, symbol, or
23 combination thereof, including the name of the distiller or brewer if
24 the distiller's or brewer's name is also a significant part of the
25 product name, adopted and used by a supplier to identify specific
26 spirits or a specific malt beverage product and to distinguish that
27 product from other spirits or malt beverages produced by that
28 supplier or other suppliers.

29 (4) "Distributor" means any person, including but not limited to
30 a component of a supplier's distribution system constituted as an
31 independent business, importing or causing to be imported into this
32 state, or purchasing or causing to be purchased within this state,
33 any spirits or malt beverages for sale or resale to retailers
34 licensed under the laws of this state, regardless of whether the
35 business of such person is conducted under the terms of any agreement
36 with a distiller or malt beverage manufacturer.

37 (5) "Importer" means any distributor importing spirits or beer
38 into this state for sale to retailer accounts or for sale to other
39 distributors designated as "subjobbers" for resale.

1 (6) "Malt beverage manufacturer" means every brewer, fermenter,
2 processor, bottler, or packager of malt beverages located within or
3 outside this state, or any other person, whether located within or
4 outside this state, who enters into an agreement of distributorship
5 for the resale of malt beverages in this state with any wholesale
6 distributor doing business in the state of Washington.

7 (7) "Person" means any natural person, corporation, partnership,
8 trust, agency, or other entity, as well as any individual officers,
9 directors, or other persons in active control of the activities of
10 such entity.

11 (8) "Spirits manufacturer" means every distiller, processor,
12 bottler, or packager of spirits located within or outside this state,
13 or any other person, whether located within or outside this state,
14 who enters into an agreement of distributorship for the resale of
15 spirits in this state with any wholesale distributor doing business
16 in the state of Washington.

17 (9) "Successor distributor" means any distributor who enters into
18 an agreement, whether oral or written, to distribute a brand of
19 spirits or malt beverages after the supplier with whom such agreement
20 is made or the person from whom that supplier acquired the right to
21 manufacture or distribute the brand has terminated, canceled, or
22 failed to renew an agreement of distributorship, whether oral or
23 written, with another distributor to distribute that same brand of
24 spirits or malt beverages.

25 (10) "Supplier" means any spirits or malt beverage manufacturer
26 or importer who enters into or is a party to any agreement of
27 distributorship with a wholesale distributor. "Supplier" does not
28 include: (a) Any distiller licensed under RCW 66.24.140 (~~or~~
29 ~~66.24.145~~) and producing less than one hundred fifty thousand proof
30 gallons of spirits annually or any brewery or microbrewery licensed
31 under RCW 66.24.240 and producing less than two hundred thousand
32 barrels of malt liquor annually; (b) any brewer or manufacturer of
33 malt liquor producing less than two hundred thousand barrels of malt
34 liquor annually and holding a certificate of approval issued under
35 RCW 66.24.270; or (c) any authorized representative of distillers or
36 malt liquor manufacturers who holds an appointment from one or more
37 distillers or malt liquor manufacturers which, in the aggregate,
38 produce less than two hundred thousand barrels of malt liquor or one
39 hundred fifty thousand proof gallons of spirits.

1 (11) "Terminated distribution rights" means distribution rights
2 with respect to a brand of malt beverages which are lost by a
3 terminated distributor as a result of termination, cancellation, or
4 nonrenewal of an agreement of distributorship for that brand.

5 (12) "Terminated distributor" means a distributor whose agreement
6 of distributorship with respect to a brand of spirits or malt
7 beverages, whether oral or written, has been terminated, canceled, or
8 not renewed.

9 **Sec. 14.** RCW 66.24.660 and 2013 c 89 s 1 are each amended to
10 read as follows:

11 Retailers may sell liquor as defined in RCW 66.04.010(~~(+25)~~)
12 through self-checkout registers if that register is programmed to
13 halt that transaction during the purchase of liquor until an employee
14 of the retailer intervenes and verifies the age of the purchaser by
15 reviewing established forms of acceptable identification. Once age is
16 successfully verified, the employee can release the transaction for
17 payment. If the purchaser cannot provide acceptable forms of
18 identification to verify age, the employee must refuse the purchase
19 and void the transaction.

20 NEW SECTION. **Sec. 15.** If any provision of this act or its
21 application to any person or circumstance is held invalid, the
22 remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 16.** If specific funding for the purposes of
25 this act, referencing this act by bill or chapter number, is not
26 provided by June 30, 2018, in the omnibus appropriations act, this
27 act is null and void.

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

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