
SENATE BILL 5781

State of Washington

65th Legislature

2017 Regular Session

By Senators Fortunato and Baumgartner

Read first time 02/09/17. Referred to Committee on Commerce, Labor & Sports.

1 AN ACT Relating to special occasion and banquet provisions for
2 charitable or nonprofit organizations; amending RCW 66.24.380,
3 66.28.070, and 66.28.180; reenacting and amending RCW 66.20.010; and
4 adding a new section to chapter 66.28 RCW.

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

6 **Sec. 1.** RCW 66.20.010 and 2016 c 235 s 6 and 2016 c 129 s 1 are
7 each reenacted and amended to read as follows:

8 Upon application in the prescribed form being made to any
9 employee authorized by the board to issue permits, accompanied by
10 payment of the prescribed fee, and upon the employee being satisfied
11 that the applicant should be granted a permit under this title, the
12 employee must issue to the applicant under such regulations and at
13 such fee as may be prescribed by the board a permit of the class
14 applied for, as follows:

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

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

8 (3) Where the application is for a special permit to consume
9 liquor at a banquet, at a specified date and place, a special permit
10 to purchase liquor for consumption at such banquet, to such
11 applicants as may be fixed by the board, subject to the provisions of
12 section 5 of this act;

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

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

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

27 (7) Where the application is for a special permit by an
28 authorized representative of a military installation operated by or
29 for any of the armed forces within the geographical boundaries of the
30 state of Washington, a special permit to purchase liquor for use on
31 such military installation;

32 (8) Where the application is for a special permit by a vendor
33 that manufactures or sells a product which cannot be effectively
34 presented to potential buyers without serving it with liquor or by a
35 manufacturer, importer, or distributor, or representative thereof, to
36 serve liquor without charge to delegates and guests at a convention
37 of a trade association composed of licensees of the board, when the
38 said liquor is served in a hospitality room or from a booth in a
39 board-approved suppliers' display room at the convention, and when
40 the liquor so served is for consumption in the said hospitality room

1 or display room during the convention, anything in this title to the
2 contrary notwithstanding. Any such spirituous liquor must be
3 purchased from a spirits retailer or distributor, and any such liquor
4 is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and
5 66.24.210;

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

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

26 (11) Where the application is for an annual special permit by a
27 person operating a bed and breakfast lodging facility to donate or
28 serve wine or beer without charge to overnight guests of the facility
29 if the wine or beer is for consumption on the premises of the
30 facility. "Bed and breakfast lodging facility," as used in this
31 subsection, means a facility offering from one to eight lodging units
32 and breakfast to travelers and guests;

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

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

39 (b) The person who is permitted to taste under this subsection is
40 enrolled as a student in a required or elective class that is part of

1 a culinary, sommelier, wine business, enology, viticulture, wine
2 technology, beer technology, or spirituous technology-related degree
3 program;

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

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

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

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

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

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

39 (15) Where the application is for a special permit by a
40 manufacturer of beer for an event not open to the general public to

1 be held or conducted at a specific place upon a specific date for the
2 purpose of tasting and selling beer of its own production. The
3 brewery or microbrewery must obtain a permit for a fee of ten dollars
4 per event. An application for the permit must be submitted at least
5 ten days before the event and, once issued, must be posted in a
6 conspicuous place at the premises for which the permit was issued
7 during all times the permit is in use. No more than twelve events per
8 year may be held by a single manufacturer under this subsection;

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

24 **Sec. 2.** RCW 66.24.380 and 2016 c 235 s 2 are each amended to
25 read as follows:

26 (1)(a) There is a retailer's license to be designated as a
27 special occasion license to be issued to a not-for-profit society or
28 organization to sell spirits, beer, and wine by the individual
29 serving for on-premises consumption at a specified event, such as at
30 picnics or other special occasions, at a specified date and place(~~+~~
31 ~~fee sixty dollars per day~~)).

32 (b) The board fee is sixty dollars per day for events where the
33 licensee will spend more than two hundred fifty dollars on alcoholic
34 beverages.

35 (c) The board may not charge a fee for events where the licensee
36 will serve complimentary alcoholic beverages or spend two hundred
37 fifty dollars or less on alcoholic beverages. For events occurring
38 under this subsection (1)(c), the board must provide for an online
39 permit to be issued on the day the event occurs.

1 ~~((1))~~ (2) The not-for-profit society or organization is limited
2 to sales of no more than twelve calendar days per year. For the
3 purposes of this subsection, special occasion licensees that are
4 "agricultural area fairs" or "agricultural county, district, and area
5 fairs," as defined by RCW 15.76.120, that receive a special occasion
6 license may, once per calendar year, count as one event fairs that
7 last multiple days, so long as alcohol sales are at set dates, times,
8 and locations, and the board receives prior notification of the
9 dates, times, and locations. The special occasion license applicant
10 will pay the sixty dollars per day for this event.

11 ~~((2))~~ (3) The licensee may sell spirits, beer, and/or wine in
12 original, unopened containers for off-premises consumption if
13 permission is obtained from the board prior to the event.

14 ~~((3))~~ (4) In addition to offering the sale of wine by the
15 individual serving for on-premises consumption, the licensee may sell
16 wine in original, unopened containers for on-premises consumption if
17 permission is obtained from the board prior to the event.

18 ~~((4))~~ (5) Sale, service, and consumption of spirits, beer, and
19 wine is to be confined to specified premises or designated areas
20 only.

21 ~~((5))~~ (6) Liquor sold under this special occasion license must
22 be purchased from a licensee of the board. A charitable or nonprofit
23 organization, which has been issued a special occasion license, may
24 arrange for payment of the alcohol within three days after the
25 special occasion has occurred, if the licensee consents to the
26 arrangement.

27 ~~((6))~~ (7) Any violation of this section is a class 1 civil
28 infraction having a maximum penalty of two hundred fifty dollars as
29 provided for in chapter 7.80 RCW.

30 **Sec. 3.** RCW 66.28.070 and 2012 c 2 s 118 are each amended to
31 read as follows:

32 (1) Except as provided in subsection (2) of this section, it is
33 unlawful for any retail spirits, beer, or wine licensee to purchase
34 spirits, beer, or wine, except from a duly licensed distributor,
35 domestic winery, domestic brewer, or certificate of approval holder
36 with a direct shipment endorsement.

37 (2)(a) A spirits, beer, or wine retailer may purchase spirits,
38 beer, or wine:

1 (i) From a government agency that has lawfully seized liquor
2 possessed by a licensed distributor or retailer;

3 (ii) From a board-authorized manufacturer or certificate holder
4 authorized by this title to act as a distributor of liquor;

5 (iii) From a licensed retailer which has discontinued business if
6 the distributor has refused to accept spirits, beer, or wine from
7 that retailer for return and refund;

8 (iv) From a retailer whose license or license endorsement permits
9 resale to a retailer of wine and/or spirits for consumption on the
10 premises, if the purchasing retailer is authorized to sell such wine
11 and/or spirits.

12 (b) Goods purchased under this subsection (2) must meet the
13 quality standards set by the manufacturer of the goods.

14 (3)(a) Special occasion licensees holding a special occasion
15 license may only purchase spirits, beer, or wine from a spirits,
16 beer, or wine retailer duly licensed to sell spirits, beer, or wine
17 for off-premises consumption, or from a duly licensed spirits, beer,
18 or wine distributor.

19 (b) A charitable or nonprofit organization, who has been issued a
20 special occasion license, may arrange for payment of the alcohol
21 within three days after the special occasion has occurred, if the
22 retailer consents to the arrangement.

23 **Sec. 4.** RCW 66.28.180 and 2012 c 2 s 121 are each amended to
24 read as follows:

25 (1) Beer and/or wine distributors.

26 (a) Every beer distributor must maintain at its liquor-licensed
27 location a price list showing the wholesale prices at which any and
28 all brands of beer sold by the distributor are sold to retailers
29 within the state.

30 (b) Each price list must set forth:

31 (i) All brands, types, packages, and containers of beer offered
32 for sale by the distributor; and

33 (ii) The wholesale prices thereof to retail licensees, including
34 allowances, if any, for returned empty containers.

35 (c) No beer distributor may sell or offer to sell any package or
36 container of beer to any retail licensee at a price differing from
37 the price for such package or container as shown in the price list,
38 according to rules adopted by the board.

1 (d) Quantity discounts of sales prices of beer are prohibited. No
2 distributor's sale price of beer may be below the distributor's
3 acquisition cost.

4 (e) Distributor prices below acquisition cost on a "close-out"
5 item are allowed if the item to be discontinued has been listed for a
6 period of at least six months, and upon the further condition that
7 the distributor who offers such a close-out price may not restock the
8 item for a period of one year following the first effective date of
9 such close-out price.

10 (f)(i) Any beer distributor may sell beer at the distributor's
11 listed prices to any annual or special occasion retail licensee upon
12 presentation to the distributor at the time of purchase or delivery
13 of an original or facsimile license or a special permit issued by the
14 board to such licensee.

15 (ii) A charitable or nonprofit organization, who has been issued
16 a special occasion license, may arrange for payment of the alcohol
17 within three days after the special occasion has occurred, if the
18 distributor consents to the arrangement.

19 (g) Every annual or special occasion retail licensee, upon
20 purchasing any beer, or arranging to purchase beer as provided in
21 (f)(ii) of this subsection (1), from a distributor, must immediately
22 cause such beer to be delivered to the licensed premises, and the
23 licensee may not thereafter permit such beer to be disposed of in any
24 manner except as authorized by the license.

25 (h) Beer sold as provided in this section must be delivered by
26 the distributor or an authorized employee either to the retailer's
27 licensed premises or directly to the retailer at the distributor's
28 licensed premises. When a brewery, microbrewery, or certificate of
29 approval holder with a direct shipping endorsement is acting as a
30 distributor of beer of its own production, a licensed retailer may
31 contract with a common carrier to obtain the beer directly from the
32 brewery, microbrewery, or certificate of approval holder with a
33 direct shipping endorsement. A distributor's prices to retail
34 licensees for beer must be the same at both such places of delivery.
35 Wine sold to retailers must be delivered to the retailer's licensed
36 premises, to a location specified by the retailer and approved for
37 deliveries by the board, or to a carrier engaged by either party to
38 the transaction.

39 (2) Beer suppliers' contracts and memoranda.

1 (a) Every domestic brewery, microbrewery, certificate of approval
2 holder, and beer and/or wine importer offering beer for sale to
3 distributors within the state and any beer distributor who sells to
4 other beer distributors must maintain at its liquor-licensed location
5 a beer price list and a copy of every written contract and a
6 memorandum of every oral agreement which such brewery may have with
7 any beer distributor for the supply of beer, which contracts or
8 memoranda must contain:

9 (i) All advertising, sales and trade allowances, and incentive
10 programs; and

11 (ii) All commissions, bonuses or gifts, and any and all other
12 discounts or allowances.

13 (b) Whenever changed or modified, such revised contracts or
14 memoranda must also be maintained at its liquor licensed location.

15 (c) Each price list must set forth all brands, types, packages,
16 and containers of beer offered for sale by such supplier.

17 (d) Prices of a domestic brewery, microbrewery, or certificate of
18 approval holder for beer must be uniform prices to all distributors
19 or retailers on a statewide basis less bona fide allowances for
20 freight differentials. Quantity discounts of suppliers' prices for
21 beer are prohibited. No price may be below the supplier's acquisition
22 or production cost.

23 (e) A domestic brewery, microbrewery, certificate of approval
24 holder, importer, or distributor acting as a supplier to another
25 distributor must file with the board a list of all distributor
26 licensees of the board to which it sells or offers to sell beer.

27 (f) No domestic brewery, microbrewery, or certificate of approval
28 holder may sell or offer to sell any package or container of beer to
29 any distributor at a price differing from the price list for such
30 package or container as shown in the price list of the domestic
31 brewery, microbrewery, or certificate of approval holder and then in
32 effect, according to rules adopted by the board.

33 (3) In selling wine to another retailer, to the extent consistent
34 with the purposes of chapter 2, Laws of 2012, a grocery store
35 licensee with a reseller endorsement must comply with all provisions
36 of and regulations under this title applicable to wholesale
37 distributors selling wine to retailers.

38 (4) With respect to any alleged violation of this title by sale
39 of wine at a discounted price, all defenses under applicable trade
40 regulation laws are available including, without limitation, good

1 faith meeting of a competitor's lawful price and absence of harm to
2 competition.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 66.28
4 RCW to read as follows:

5 (1) When issuing a special permit to consume liquor at a banquet,
6 to a charitable or nonprofit organization, at a specified date and
7 place, the fee is eleven dollars per day for events where the
8 organization will spend more than two hundred fifty dollars on
9 alcoholic beverages.

10 (2) The board may not require a permit for special permit
11 banquets where the organization will serve complimentary alcoholic
12 beverages or spend two hundred fifty dollars or less on alcoholic
13 beverages.

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