
SENATE BILL 5834

State of Washington

65th Legislature

2017 Regular Session

By Senator Baumgartner

Read first time 02/16/17. Referred to Committee on Commerce, Labor & Sports.

1 AN ACT Relating to licensing of bonded spirits warehouses;
2 amending RCW 66.24.640; and adding a new section to chapter 66.24
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 66.24
6 RCW to read as follows:

7 (1) There shall be a license for bonded spirits warehouses that
8 authorizes the storage and handling of bulk, barreled, or bottled
9 spirits. Under this license a licensee may maintain a warehouse for
10 the storage of bottled, barreled, or bulk spirits off the premises of
11 a distillery for distillers qualified under RCW 66.24.140, 66.24.145,
12 66.24.150, or entities otherwise licensed and permitted in this
13 state, or bulk or barreled spirits transferred in bond from out-of-
14 state distilleries, so long as the storage of the bulk or barreled
15 spirits transferred into the state is for storage only and not for
16 processing or bottling in the bonded spirits warehouse.

17 (2) The board must adopt similar qualifications for a bonded
18 spirits warehouse license as required for obtaining a distillery
19 license as specified in RCW 66.24.140, 66.24.145, and 66.24.150. A
20 licensee must be a sole proprietor, a partnership, a limited
21 liability company, a corporation, a port authority, a city, a county,

1 or any other public entity or subdivision of the state that elects to
2 license a bonded spirits warehouse as an agricultural or economic
3 development activity. One or more domestic distilleries or
4 manufacturers may operate as a partnership, corporation, business co-
5 op, cotenant, or agricultural co-op for the purposes of obtaining a
6 bonded spirits warehouse license or storing spirits in the facility
7 under a common management and oversight agreement free of charge or
8 for a fee.

9 (3) All bottled spirits shipped to a bonded spirits warehouse
10 from a distillery or another bonded spirits warehouse must remain
11 under bond and no tax may be imposed while under bonded storage.

12 (4) Spirits may be removed from a bonded spirits warehouse for
13 purposes of being (a) exported from the state, (b) shipped to a
14 licensed Washington spirits distributor, (c) shipped to a licensed
15 spirits retailer, (d) returned to a distillery or bonded spirits
16 warehouse, (e) transferred to a distillery, bonded spirits warehouse,
17 or bottling or packaging facility, or (f) shipped to a consumer
18 pursuant to RCW 66.20.410.

19 (5) Warehousing of spirits by any person other than (a) a
20 licensed domestic distillery, (b) a bonded spirits warehouse licensee
21 licensed under the provisions of this section, (c) a licensed
22 Washington spirits distributor, (d) a licensed Washington spirits
23 importer, or (e) a spirits certificate of approval holder is
24 prohibited.

25 (6) The ownership and operation of a bonded spirits warehouse
26 facility licensed under this section may be by a person or entity
27 other than those described in this subsection acting in a commercial
28 warehouse management position under contract for such licensed
29 persons or entities on their behalf.

30 (7) A license applicant shall demonstrate the right to have
31 warehoused spirits under a valid federal permit held by a properly
32 licensed licensee who maintains ownership and title to the spirits
33 while they are in storage in the bonded spirits warehouse. The fee
34 for this license is one hundred dollars per annum.

35 (8) The board must adopt rules requiring a bonded spirits
36 warehouse to be physically secure, zoned for the intended use, and
37 physically separated from any other use.

38 (9) The operator or licensee operating a bonded spirits warehouse
39 must submit to the board a monthly report of movement of bulk,
40 barreled, or bottled spirits to and from a bonded spirits warehouse

1 in a form prescribed by the board. The board may adopt other
2 necessary procedures by which bonded spirits warehouses are licensed
3 and regulated.

4 (10) The board may require a single annual permit valid for a
5 full calendar year issued to each licensee or entity warehousing
6 spirits in a bonded spirits warehouse that must allow for unlimited
7 transfers to and from such warehouse within that year. The fee for
8 this permit is one hundred dollars per annum.

9 (11) Handling of bottled spirits, as provided for in this
10 section, includes packaging and repackaging services; bottle labeling
11 services; creating baskets or variety packs that may or may not
12 include nonspirits products; and picking, packing, and shipping
13 spirits orders direct to consumer. A distillery contracting with a
14 bonded spirits warehouse for handling bottled spirits must comply
15 with all applicable state and federal laws and must be responsible
16 for financial transactions in direct to consumer shipping activities.

17 **Sec. 2.** RCW 66.24.640 and 2012 c 2 s 206 are each amended to
18 read as follows:

19 Any distiller licensed under this title may act as a retailer
20 and/or distributor to retailers selling for consumption on or off the
21 licensed premises of spirits of its own production, and any
22 manufacturer, importer, or bottler of spirits holding a certificate
23 of approval may act as a distributor of spirits it is entitled to
24 import into the state under such certificate. The board must by rule
25 provide for issuance of certificates of approval to spirits
26 suppliers. An industry member operating as a distributor and/or
27 retailer under this section must comply with the applicable laws and
28 rules relating to distributors and/or retailers, except that a
29 distillery licensed under RCW 66.24.140 or 66.24.145 or an industry
30 member operating as a distributor under this section may maintain a
31 warehouse off the distillery premises for ((~~the distribution of~~
32 ~~spirits of its own production~~)) storage or distribution of spirits to
33 spirits retailers within the state, if the warehouse is within the
34 United States and has been approved by the board.

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