

---

SENATE BILL 6275

---

State of Washington                      65th Legislature                      2018 Regular Session

By Senators Takko, Mullet, and Hunt

Read first time 01/11/18. Referred to Committee on Labor & Commerce.

1            AN ACT Relating to authorizing craft distilleries to ship or  
2 deliver a customer's order to certain willing businesses that are  
3 licensed to sell spirits at retail; amending RCW 66.24.630 and  
4 66.28.295; and adding a new section to chapter 66.20 RCW.

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

6            NEW SECTION.    **Sec. 1.**    A new section is added to chapter 66.20  
7 RCW to read as follows:

8            (1) A craft distillery licensed under RCW 66.24.145, who meets  
9 the requirements for selling spirits to a customer under RCW  
10 66.20.410, may assist the customer in arranging for the shipment or  
11 delivery of the spirits to a willing licensee holding a:

12            (a) Combination spirits, beer, and wine license issued under RCW  
13 66.24.035;

14            (b) Specialty shop license to sell spirits issued under RCW  
15 66.24.371; or

16            (c) Spirits retail license, including a grocery store license to  
17 sell spirits, issued under RCW 66.24.630.

18            (2)(a) A craft distillery may assist the customer in locating a  
19 retail licensee, located near the customer's place of residence, who  
20 is willing to accept a spirits shipment or delivery on behalf of the  
21 customer.

1 (b) A craft distillery assisting the customer in making the  
2 arrangements under subsection (1) of this section may charge the  
3 customer a fee for the cost of the shipping or delivery, so long as  
4 it does not exceed the actual costs. The purchased items must be  
5 shipped or delivered in a sealed package, with the identity of the  
6 customer and the contents clearly identified on the package label.

7 (c) An authorized retail licensee who agrees to accept a  
8 customer's spirits order may charge the customer a handling fee, for  
9 facilitating the customer's shipment or delivery, in an amount as  
10 agreed upon by the customer and retailer. The licensee may not open  
11 the customer's package or commingle the contents with the licensee's  
12 inventory.

13 (3) Craft distilleries and authorized retail licensees who  
14 facilitate the shipment or delivery of a customer's order may not  
15 exchange any money or moneys' worth between each other.

16 (4)(a) An authorized retail licensee who is willing to accept the  
17 delivery of a customer's spirits order from a craft distillery, as  
18 provided in this section, may notify the liquor and cannabis board of  
19 the licensee's willingness to accept deliveries or shipments and  
20 provide the board with a statement of the licensee's fee for this  
21 service.

22 (b) The board must maintain on its web site a list of all  
23 authorized retail licensees that have notified the board of their  
24 willingness to accept shipments or deliveries that meet the  
25 requirements of this section and include the licensee's statement of  
26 fees for this service.

27 (5) The board may adopt rules to implement this section.

28 **Sec. 2.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read  
29 as follows:

30 (1) There is a spirits retail license to: Sell spirits in  
31 original containers to consumers for consumption off the licensed  
32 premises and to permit holders; sell spirits in original containers  
33 to retailers licensed to sell spirits for consumption on the  
34 premises, for resale at their licensed premises according to the  
35 terms of their licenses, although no single sale may exceed twenty-  
36 four liters, unless the sale is by a licensee that was a contract  
37 liquor store manager of a contract liquor store at the location of  
38 its spirits retail licensed premises from which it makes such sales;  
39 and export spirits.

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

6 (a) Maintain a schedule by stock-keeping unit of all their  
7 purchases of spirits from spirits retail licensees, including  
8 combination spirits, beer, and wine licensees holding a license  
9 issued pursuant to RCW 66.24.035, indicating the identity of the  
10 seller and the quantities purchased; and

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

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

17 (ii) A distiller acting as distributor of the scheduled item in  
18 the area.

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

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

38 (c) The board may not deny a spirits retail license to an  
39 otherwise qualified contract liquor store at its contract location or  
40 to the holder of former state liquor store operating rights sold at

1 auction under RCW 66.24.620 on the grounds of location, nature, or  
2 size of the premises to be licensed. The board may not deny a spirits  
3 retail license to applicants that are not contract liquor stores or  
4 operating rights holders on the grounds of the size of the premises  
5 to be licensed, if such applicant is otherwise qualified and the  
6 board determines that:

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

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

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

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

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

23 (ii) To other registered facilities; or

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

28 (e) For purposes of negotiating volume discounts, a group of  
29 individual retailers authorized to sell spirits for consumption off  
30 the licensed premises may accept delivery of spirits at their  
31 individual licensed premises or at any one of the individual  
32 licensee's premises, or at a warehouse facility registered with the  
33 board.

34 (4)(a) Except as otherwise provided in RCW 66.24.632, or in (b)  
35 of this subsection, each spirits retail licensee must pay to the  
36 board, for deposit into the liquor revolving fund, a license issuance  
37 fee equivalent to seventeen percent of all spirits sales revenues  
38 under the license, exclusive of taxes collected by the licensee and  
39 of sales of items on which a license fee payable under this section  
40 has otherwise been incurred. The board must establish rules setting

1 forth the timing of such payments and reporting of sales dollar  
2 volume by the licensee, with payments required quarterly in arrears.  
3 The first payment is due October 1, 2012.

4 (b) This subsection (4) does not apply to:

5 (i) Craft distilleries; or

6 (ii) Shipments or deliveries from a craft distillery made on  
7 behalf of a customer of a craft distillery to a retail licensee under  
8 section 1 of this act so long as the retail licensee does not stock  
9 or have in inventory the spirits being shipped or delivered.

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

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

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

34 (8)(a) The board must adopt regulations concerning the adoption  
35 and administration of a compliance training program for spirits  
36 retail licensees, to be known as a "responsible vendor program," to  
37 reduce underage drinking, encourage licensees to adopt specific best  
38 practices to prevent sales to minors, and provide licensees with an  
39 incentive to give their employees ongoing training in responsible  
40 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. 3.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read  
32 as follows:

33 Nothing in RCW 66.28.290 shall prohibit:

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

38 (2) A domestic winery from being licensed as a retailer pursuant  
39 to chapter 66.24 RCW for the purpose of selling beer or wine at

1 retail on the winery premises. Such beer and wine so sold at retail  
2 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210  
3 and to reporting and bonding requirements as prescribed by  
4 regulations adopted by the board pursuant to chapter 34.05 RCW, and  
5 beer and wine that is not produced by the brewery or winery shall be  
6 purchased from a licensed beer or wine distributor.

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

10 (4)(a) A licensed craft distillery from selling spirits of its  
11 own production under RCW 66.24.145.

12 (b) A licensed craft distillery from shipping or delivering  
13 products to a retail licensee, as authorized under section 1 of this  
14 act, on behalf of a customer of a craft distillery.

15 (5) A licensed distiller, domestic brewery, microbrewery,  
16 domestic winery, or a lessee of a licensed domestic brewer,  
17 microbrewery, or domestic winery, from being licensed as a spirits,  
18 beer, and wine restaurant pursuant to chapter 66.24 RCW for the  
19 purpose of selling liquor at a spirits, beer, and wine restaurant  
20 premises on the property on which the primary manufacturing facility  
21 of the licensed distiller, domestic brewer, microbrewery, or domestic  
22 winery is located or on contiguous property owned or leased by the  
23 licensed distiller, domestic brewer, microbrewery, or domestic winery  
24 as prescribed by rules adopted by the board pursuant to chapter 34.05  
25 RCW.

26 (6) A microbrewery holding a spirits, beer, and wine restaurant  
27 license under RCW 66.24.420 from holding the same privileges and  
28 endorsements attached to the spirits, beer, and wine restaurant  
29 license.

30 (7) A brewery or microbrewery holding a spirits, beer, and wine  
31 restaurant license or a beer and/or wine license under chapter 66.24  
32 RCW operated on the premises of the brewery or microbrewery from  
33 holding a second retail only license at a location separate from the  
34 premises of the brewery or microbrewery.

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

38 (9) An organization qualifying under RCW 66.24.375 formed for the  
39 purpose of constructing and operating a facility to promote  
40 Washington wines from holding retail licenses on the facility

1 property or leasing all or any portion of such facility property to a  
2 retail licensee on the facility property if the members of the board  
3 of directors or officers of the board for the organization include  
4 officers, directors, owners, or employees of a licensed domestic  
5 winery. Financing for the construction of the facility must include  
6 both public and private money.

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

15 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or  
16 66.24.244 from exercising the privileges of distributing and selling  
17 at retail such person's own production or from exercising any other  
18 right or privilege that attaches to such license.

19 (12) A person holding a certificate of approval pursuant to RCW  
20 66.24.206 from obtaining an endorsement to act as a distributor of  
21 their own product or from shipping their own product directly to  
22 consumers as authorized by RCW 66.20.360.

23 (13) A person holding a wine shipper's permit pursuant to RCW  
24 66.20.375 from shipping their own product directly to consumers.

25 (14) A person holding a certificate of approval pursuant to RCW  
26 66.24.270(2) from obtaining an endorsement to act as a distributor of  
27 their own product.

28 (15) A domestic winery and a restaurant licensed under RCW  
29 66.24.320 or 66.24.400 from entering an arrangement to waive a  
30 corkage fee.

--- END ---