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SENATE BILL 6444

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State of Washington

65th Legislature

2018 Regular Session

By Senator Cleveland

1 AN ACT Relating to alcohol sales by distributors; and amending  
2 RCW 66.24.290 and 66.28.185.

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

4 **Sec. 1.** RCW 66.24.290 and 2010 1st sp.s. c 23 s 1301 are each  
5 amended to read as follows:

6 (1) Any microbrewer or domestic brewery or beer distributor  
7 licensed under this title may sell and deliver beer and strong beer  
8 to holders of authorized licenses direct, but to no other person,  
9 (~~other than the board~~) except as provided in RCW 66.28.185. Any  
10 certificate of approval holder authorized to act as a distributor  
11 under RCW 66.24.270 shall pay the taxes imposed by this section.

12 (a) Every such brewery or beer distributor shall report all sales  
13 to the board monthly, pursuant to the regulations, and shall pay to  
14 the board as an added tax for the privilege of manufacturing and  
15 selling the beer and strong beer within the state a tax of one dollar  
16 and thirty cents per barrel of thirty-one gallons on sales to  
17 licensees within the state and on sales to licensees within the state  
18 of bottled and canned beer, including strong beer, shall pay a tax  
19 computed in gallons at the rate of one dollar and thirty cents per  
20 barrel of thirty-one gallons.

1 (b) Any brewery or beer distributor whose applicable tax payment  
2 is not postmarked by the twentieth day following the month of sale  
3 will be assessed a penalty at the rate of two percent per month or  
4 fraction thereof. Beer and strong beer shall be sold by breweries and  
5 distributors in sealed barrels or packages.

6 (c) The moneys collected under this subsection shall be  
7 distributed as follows: (i) Three-tenths of a percent shall be  
8 distributed to border areas under RCW 66.08.195; and (ii) of the  
9 remaining moneys: (A) Twenty percent shall be distributed to counties  
10 in the same manner as under RCW 66.08.200; and (B) eighty percent  
11 shall be distributed to incorporated cities and towns in the same  
12 manner as under RCW 66.08.210.

13 (d) Any licensed retailer authorized to purchase beer from a  
14 certificate of approval holder with a direct shipment endorsement or  
15 a brewery or microbrewery shall make monthly reports to the liquor  
16 (~~control~~) and cannabis board on beer purchased during the preceding  
17 calendar month in the manner and upon such forms as may be prescribed  
18 by the board.

19 (2) An additional tax is imposed on all beer and strong beer  
20 subject to tax under subsection (1) of this section. The additional  
21 tax is equal to two dollars per barrel of thirty-one gallons. All  
22 revenues collected during any month from this additional tax shall be  
23 deposited in the state general fund by the twenty-fifth day of the  
24 following month.

25 (3)(a) An additional tax is imposed on all beer and strong beer  
26 subject to tax under subsection (1) of this section. The additional  
27 tax is equal to ninety-six cents per barrel of thirty-one gallons  
28 through June 30, 1995, two dollars and thirty-nine cents per barrel  
29 of thirty-one gallons for the period July 1, 1995, through June 30,  
30 1997, and four dollars and seventy-eight cents per barrel of thirty-  
31 one gallons thereafter.

32 (b) The additional tax imposed under this subsection does not  
33 apply to the sale of the first sixty thousand barrels of beer each  
34 year by breweries that are entitled to a reduced rate of tax under  
35 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent  
36 date as may be provided by the board by rule consistent with the  
37 purposes of this exemption.

38 (c) All revenues collected from the additional tax imposed under  
39 this subsection (3) shall be deposited in the state general fund.

1 (4) An additional tax is imposed on all beer and strong beer that  
2 is subject to tax under subsection (1) of this section that is in the  
3 first sixty thousand barrels of beer and strong beer by breweries  
4 that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051,  
5 as existing on July 1, 1993, or such subsequent date as may be  
6 provided by the board by rule consistent with the purposes of the  
7 exemption under subsection (3)(b) of this section. The additional tax  
8 is equal to one dollar and forty-eight and two-tenths cents per  
9 barrel of thirty-one gallons. By the twenty-fifth day of the  
10 following month, three percent of the revenues collected from this  
11 additional tax shall be distributed to border areas under RCW  
12 66.08.195 and the remaining moneys shall be transferred to the state  
13 general fund.

14 (5)(a) From June 1, 2010, through June 30, 2013, an additional  
15 tax is imposed on all beer and strong beer subject to tax under  
16 subsection (1) of this section. The additional tax is equal to  
17 fifteen dollars and fifty cents per barrel of thirty-one gallons.

18 (b) The additional tax imposed under this subsection does not  
19 apply to the sale of the first sixty thousand barrels of beer each  
20 year by breweries that are entitled to a reduced rate of tax under 26  
21 U.S.C. Sec. 5051 of the federal internal revenue code, as existing on  
22 July 1, 1993, or such subsequent date as may be provided by the board  
23 by rule consistent with the purposes of this exemption.

24 (c) All revenues collected from the additional tax imposed under  
25 this subsection shall be deposited in the state general fund.

26 (6) The board may make refunds for all taxes paid on beer and  
27 strong beer exported from the state for use outside the state.

28 (7) The board may require filing with the board of a bond to be  
29 approved by it, in such amount as the board may fix, securing the  
30 payment of the tax. If any licensee fails to pay the tax when due,  
31 the board may forthwith suspend or cancel his or her license until  
32 all taxes are paid.

33 **Sec. 2.** RCW 66.28.185 and 2017 c 160 s 1 are each amended to  
34 read as follows:

35 (1) A person holding a spirits distributor license issued  
36 pursuant to RCW 66.24.055 may sell spirits directly to bona fide,  
37 full-time employees, subject to the following requirements:

38 (a) No spirits may be sold under this section unless they are in  
39 such condition that they cannot reasonably be sold in the normal

1 course of business, such as, for example, because of damage to the  
2 labels on individual bottles;

3 (b) No spirits may be sold under this section for less than the  
4 spirits distributor licensee's cost of acquisition;

5 (c) All sales of spirits made under this section are subject to  
6 the license issuance fee established by RCW 66.24.630(4) and the  
7 taxes imposed on a retail sale under RCW 82.08.150;

8 (d) No spirits may be sold under this section to a person who has  
9 been employed by the spirits distributor licensee for less than  
10 ninety days at the time of the sale or who is under the age of  
11 twenty-one;

12 (e) No person purchasing spirits under this section may sell such  
13 spirits by the drink or otherwise to a third person, or otherwise  
14 dispose of all or any part of such spirits in any manner or for any  
15 purpose other than personal use; and

16 (f) No spirits may be sold under this section by a person holding  
17 any license other than a spirits distributor license, whether or not  
18 the license held by such person permits the sale of spirits to  
19 consumers.

20 (2) A person holding a wine distributor license issued pursuant  
21 to RCW 66.24.200 may sell wine or cider directly to:

22 (a) Bona fide, full-time employees, subject to the following  
23 requirements:

24 ((+a)) (i) No wine or cider may be sold under this section  
25 unless it is in such condition that it cannot reasonably be sold in  
26 the normal course of business, such as, for example, because of  
27 damage to the labels on individual bottles;

28 ((+b)) (ii) No wine or cider may be sold under this section for  
29 less than the wine distributor licensee's cost of acquisition;

30 ((+c)) (iii) All sales of wine or cider made under this section  
31 are subject to the same taxes that would be applicable if the sale  
32 were made to a consumer;

33 ((+d)) (iv) No wine or cider may be sold under this section to a  
34 person who has been employed by the wine distributor licensee for  
35 less than ninety days at the time of the sale or who is under the age  
36 of twenty-one; and

37 ((+e)) (v) No person purchasing wine or cider under this section  
38 may sell such wine or cider by the glass or otherwise to a third  
39 person, or otherwise dispose of all or any part of such wine or cider  
40 in any manner or for any purpose other than personal use; (~~and~~

1 ~~(f) No wine may be sold under this section by a person holding~~  
2 ~~any license other than a wine distributor license, whether or not the~~  
3 ~~license held by such person permits the sale of wine to consumers));~~  
4 or

5 (b) Consumers for off-premises consumption, subject to the  
6 following requirements:

7 (i) Sales are limited to up to twelve days per year;

8 (ii) The wine or cider must be sold in quantities of not less  
9 than four gallons nor more than fifty-five gallons at any one time;

10 (iii) The sales are made in order to dispose of unsold or damaged  
11 products;

12 (iv) No person purchasing wine or cider under this section may  
13 sell such wine or cider by the glass or otherwise to a third person,  
14 or otherwise dispose of all or any part of such wine or cider in any  
15 manner or for any purpose other than personal use; and

16 (v) All sales of wine or cider made under this section are  
17 subject to the same taxes that would be applicable if the sale were  
18 made at retail.

19 (3) A person holding a beer distributor license issued pursuant  
20 to RCW 66.24.250 may sell malt beverages directly to:

21 (a) Bona fide, full-time employees, subject to the following  
22 requirements:

23 (i) No malt beverage may be sold under this section unless it is  
24 in such condition that it cannot reasonably be sold in the normal  
25 course of business, such as, for example, because of damage to the  
26 labels on individual bottles, the products were seasonal items, or  
27 products have expiration dates that are expiring within thirty days;

28 (ii) No malt beverage may be sold under this section for less  
29 than the beer distributor licensee's cost of acquisition;

30 (iii) All sales of malt beverages made under this section are  
31 subject to the same taxes that would be applicable if the sale were  
32 made to a consumer;

33 (iv) No malt beverage may be sold under this section to a person  
34 who has been employed by the beer distributor licensee for less than  
35 ninety days at the time of the sale or who is under the age of  
36 twenty-one; and

37 (v) No person purchasing malt beverages under this section may  
38 sell such malt beverage to a third person, or otherwise dispose of  
39 all or any part of such malt beverage in any manner or for any  
40 purpose other than personal use; or

1       (b) Consumers for off-premises consumption, subject to the  
2 following requirements:  
3       (i) Sales are limited to up to twelve days per year;  
4       (ii) The malt beverage must not be more than nine percent alcohol  
5 by volume and sold in quantities of not less than four gallons at any  
6 one time;  
7       (iii) The sales are made in order to dispose of unsold or damaged  
8 products because of damage to the labels on individual bottles, the  
9 products were seasonal items, or products have expiration dates that  
10 are expiring within thirty days;  
11       (iv) No person purchasing malt liquor under this section may sell  
12 such malt liquor to a third person, or otherwise dispose of all or  
13 any part of such malt liquor in any manner or for any purpose other  
14 than personal use; and  
15       (v) All sales of malt beverages made under this section are  
16 subject to the same taxes that would be applicable if the sale were  
17 made at retail.

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