

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1034

66th Legislature
2019 Regular Session

Passed by the House March 1, 2019
Yeas 89 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 10, 2019
Yeas 46 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1034** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1034

Passed Legislature - 2019 Regular Session

State of Washington 66th Legislature 2019 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Ryu, Pellicciotti, Goodman, Kirby, Vick, Reeves, and Bergquist)

READ FIRST TIME 01/31/19.

1 AN ACT Relating to establishing a soju endorsement to beer and/or
2 wine restaurant licenses and spirits, beer, and wine restaurant
3 licenses; and amending RCW 66.04.010 and 66.24.400.

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

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

7 In this title, unless the context otherwise requires:

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

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

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

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

1 (c) Acquires ownership of beer or wine for transportation into
2 and resale in the state of Washington; and which beer or wine is
3 produced by a brewery or winery in the United States outside of the
4 state of Washington; and

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

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

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

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

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

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

33 (8) "Club" means an organization of persons, incorporated or
34 unincorporated, operated solely for fraternal, benevolent,
35 educational, athletic, or social purposes, and not for pecuniary
36 gain.

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

- 1 (10) "Consume" includes the putting of liquor to any use, whether
2 by drinking or otherwise.
- 3 (11) "Contract liquor store" means a business that sells liquor
4 on behalf of the board through a contract with a contract liquor
5 store manager.
- 6 (12) "Craft distillery" means a distillery that pays the reduced
7 licensing fee under RCW 66.24.140.
- 8 (13) "Dentist" means a practitioner of dentistry duly and
9 regularly licensed and engaged in the practice of his or her
10 profession within the state pursuant to chapter 18.32 RCW.
- 11 (14) "Distiller" means a person engaged in the business of
12 distilling spirits.
- 13 (15) "Domestic brewery" means a place where beer and malt liquor
14 are manufactured or produced by a brewer within the state.
- 15 (16) "Domestic winery" means a place where wines are manufactured
16 or produced within the state of Washington.
- 17 (17) "Drug store" means a place whose principal business is, the
18 sale of drugs, medicines, and pharmaceutical preparations and
19 maintains a regular prescription department and employs a registered
20 pharmacist during all hours the drug store is open.
- 21 (18) "Druggist" means any person who holds a valid certificate
22 and is a registered pharmacist and is duly and regularly engaged in
23 carrying on the business of pharmaceutical chemistry pursuant to
24 chapter 18.64 RCW.
- 25 (19) "Employee" means any person employed by the board.
- 26 (20) "Flavored malt beverage" means:
- 27 (a) A malt beverage containing six percent or less alcohol by
28 volume to which flavoring or other added nonbeverage ingredients are
29 added that contain distilled spirits of not more than forty-nine
30 percent of the beverage's overall alcohol content; or
- 31 (b) A malt beverage containing more than six percent alcohol by
32 volume to which flavoring or other added nonbeverage ingredients are
33 added that contain distilled spirits of not more than one and
34 one-half percent of the beverage's overall alcohol content.
- 35 (21) "Fund" means 'liquor revolving fund.'
- 36 (22) "Hotel" means buildings, structures, and grounds, having
37 facilities for preparing, cooking, and serving food, that are kept,
38 used, maintained, advertised, or held out to the public to be a place
39 where food is served and sleeping accommodations are offered for pay
40 to transient guests, in which twenty or more rooms are used for the

1 sleeping accommodation of such transient guests. The buildings,
2 structures, and grounds must be located on adjacent property either
3 owned or leased by the same person or persons.

4 (23) "Importer" means a person who buys distilled spirits from a
5 distillery outside the state of Washington and imports such
6 spirituous liquor into the state for sale to the board or for export.

7 (24) "Imprisonment" means confinement in the county jail.

8 (25) "Liquor" includes the four varieties of liquor herein
9 defined (alcohol, spirits, wine, and beer), and all fermented,
10 spirituous, vinous, or malt liquor, or combinations thereof, and
11 mixed liquor, a part of which is fermented, spirituous, vinous or
12 malt liquor, or otherwise intoxicating; and every liquid or solid or
13 semisolid or other substance, patented or not, containing alcohol,
14 spirits, wine, or beer, and all drinks or drinkable liquids and all
15 preparations or mixtures capable of human consumption, and any
16 liquid, semisolid, solid, or other substance, which contains more
17 than one percent of alcohol by weight shall be conclusively deemed to
18 be intoxicating. Liquor does not include confections or food products
19 that contain one percent or less of alcohol by weight.

20 (26) "Malt beverage" or "malt liquor" means any beverage such as
21 beer, ale, lager beer, stout, and porter obtained by the alcoholic
22 fermentation of an infusion or decoction of pure hops, or pure
23 extract of hops and pure barley malt or other wholesome grain or
24 cereal in pure water containing not more than eight percent of
25 alcohol by weight, and not less than one-half of one percent of
26 alcohol by volume. For the purposes of this title, any such beverage
27 containing more than eight percent of alcohol by weight shall be
28 referred to as "strong beer."

29 (27) "Manufacturer" means a person engaged in the preparation of
30 liquor for sale, in any form whatsoever.

31 (28) "Nightclub" means an establishment that provides
32 entertainment and has as its primary source of revenue (a) the sale
33 of alcohol for consumption on the premises, (b) cover charges, or (c)
34 both.

35 (29) "Package" means any container or receptacle used for holding
36 liquor.

37 (30) "Passenger vessel" means any boat, ship, vessel, barge, or
38 other floating craft of any kind carrying passengers for
39 compensation.

1 (31) "Permit" means a permit for the purchase of liquor under
2 this title.

3 (32) "Person" means an individual, copartnership, association, or
4 corporation.

5 (33) "Physician" means a medical practitioner duly and regularly
6 licensed and engaged in the practice of his or her profession within
7 the state pursuant to chapter 18.71 RCW.

8 (34) "Powdered alcohol" means any powder or crystalline substance
9 containing alcohol that is produced for direct use or reconstitution.

10 (35) "Prescription" means a memorandum signed by a physician and
11 given by him or her to a patient for the obtaining of liquor pursuant
12 to this title for medicinal purposes.

13 (36) "Public place" includes streets and alleys of incorporated
14 cities and towns; state or county or township highways or roads;
15 buildings and grounds used for school purposes; public dance halls
16 and grounds adjacent thereto; those parts of establishments where
17 beer may be sold under this title, soft drink establishments, public
18 buildings, public meeting halls, lobbies, halls and dining rooms of
19 hotels, restaurants, theatres, stores, garages and filling stations
20 which are open to and are generally used by the public and to which
21 the public is permitted to have unrestricted access; railroad trains,
22 stages, and other public conveyances of all kinds and character, and
23 the depots and waiting rooms used in conjunction therewith which are
24 open to unrestricted use and access by the public; publicly owned
25 bathing beaches, parks, and/or playgrounds; and all other places of
26 like or similar nature to which the general public has unrestricted
27 right of access, and which are generally used by the public.

28 (37) "Regulations" means regulations made by the board under the
29 powers conferred by this title.

30 (38) "Restaurant" means any establishment provided with special
31 space and accommodations where, in consideration of payment, food,
32 without lodgings, is habitually furnished to the public, not
33 including drug stores and soda fountains.

34 (39) "Sale" and "sell" include exchange, barter, and traffic; and
35 also include the selling or supplying or distributing, by any means
36 whatsoever, of liquor, or of any liquid known or described as beer or
37 by any name whatever commonly used to describe malt or brewed liquor
38 or of wine, by any person to any person; and also include a sale or
39 selling within the state to a foreign consignee or his or her agent
40 in the state. "Sale" and "sell" shall not include the giving, at no

1 charge, of a reasonable amount of liquor by a person not licensed by
2 the board to a person not licensed by the board, for personal use
3 only. "Sale" and "sell" also does not include a raffle authorized
4 under RCW 9.46.0315: PROVIDED, That the nonprofit organization
5 conducting the raffle has obtained the appropriate permit from the
6 board.

7 (40) "Service bar" means a fixed or portable table, counter,
8 cart, or similar workstation primarily used to prepare, mix, serve,
9 and sell alcohol that is picked up by employees or customers.
10 Customers may not be seated or allowed to consume food or alcohol at
11 a service bar.

12 (41) "Soda fountain" means a place especially equipped with
13 apparatus for the purpose of dispensing soft drinks, whether mixed or
14 otherwise.

15 (42) "Spirits" means any beverage which contains alcohol obtained
16 by distillation, except flavored malt beverages, but including wines
17 exceeding twenty-four percent of alcohol by volume.

18 (43) "Store" means a state liquor store established under this
19 title.

20 (44) "Tavern" means any establishment with special space and
21 accommodation for sale by the glass and for consumption on the
22 premises, of beer, as herein defined.

23 (45) "VIP airport lounge" means an establishment within an
24 international airport located beyond security checkpoints that
25 provides a special space to sit, relax, read, work, and enjoy
26 beverages where access is controlled by the VIP airport lounge
27 operator and is generally limited to the following classifications of
28 persons:

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

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

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

39 (d) Airport and airline employees, government officials, foreign
40 dignitaries, and other attendees of functions held by the airport

1 authority or airlines related to the promotion of business objectives
2 such as increasing international air traffic and enhancing foreign
3 trade where access to the VIP airport lounge will be controlled by
4 the VIP airport lounge operator; and

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

8 (46) "VIP airport lounge operator" means an airline, port
9 district, or other entity operating a VIP airport lounge that: Is
10 accountable for compliance with the alcohol beverage control act
11 under this title; holds the license under chapter 66.24 RCW issued to
12 the VIP airport lounge; and provides a point of contact for
13 addressing any licensing and enforcement by the board.

14 (47)(a) "Wine" means any alcoholic beverage obtained by
15 fermentation of fruits (grapes, berries, apples, et cetera) or other
16 agricultural product containing sugar, to which any saccharine
17 substances may have been added before, during or after fermentation,
18 and containing not more than twenty-four percent of alcohol by
19 volume, including sweet wines fortified with wine spirits, such as
20 port, sherry, muscatel, and angelica, not exceeding twenty-four
21 percent of alcohol by volume and not less than one-half of one
22 percent of alcohol by volume. For purposes of this title, any
23 beverage containing no more than fourteen percent of alcohol by
24 volume when bottled or packaged by the manufacturer shall be referred
25 to as "table wine," and any beverage containing alcohol in an amount
26 more than fourteen percent by volume when bottled or packaged by the
27 manufacturer shall be referred to as "fortified wine." However,
28 "fortified wine" shall not include: (i) Wines that are both sealed or
29 capped by cork closure and aged two years or more; and (ii) wines
30 that contain more than fourteen percent alcohol by volume solely as a
31 result of the natural fermentation process and that have not been
32 produced with the addition of wine spirits, brandy, or alcohol.

33 (b) This subsection shall not be interpreted to require that any
34 wine be labeled with the designation "table wine" or "fortified
35 wine."

36 (48) "Wine distributor" means a person who buys wine from a
37 domestic winery, wine certificate of approval holder, or wine
38 importer, or who acquires foreign produced wine from a source outside
39 of the United States, for the purpose of selling the same not in

1 violation of this title, or who represents such vintner or winery as
2 agent.

3 (49) "Wine importer" means a person or business within Washington
4 who purchases wine from a wine certificate of approval holder or who
5 acquires foreign produced wine from a source outside of the United
6 States for the purpose of selling the same pursuant to this title.

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

9 (51) "Soju" means a traditional Korean distilled alcoholic
10 beverage, produced using authentic Korean recipes and production
11 methods, and derived from agricultural products, that contains not
12 more than twenty-four percent of alcohol by volume.

13 **Sec. 2.** RCW 66.24.400 and 2011 c 119 s 401 are each amended to
14 read as follows:

15 (1) There shall be a retailer's license, to be known and
16 designated as a spirits, beer, and wine restaurant license, to sell
17 spirituous liquor by the individual glass, beer, and wine, at retail,
18 for consumption on the premises, including mixed drinks and cocktails
19 compounded or mixed on the premises only. A club licensed under
20 chapter 70.62 RCW with overnight sleeping accommodations, that is
21 licensed under this section may sell liquor by the bottle to
22 registered guests of the club for consumption in guest rooms,
23 hospitality rooms, or at banquets in the club. A patron of a bona
24 fide restaurant or club licensed under this section may remove from
25 the premises recorked or recapped in its original container any
26 portion of wine which was purchased for consumption with a meal, and
27 registered guests who have purchased liquor from the club by the
28 bottle may remove from the premises any unused portion of such liquor
29 in its original container. Such license may be issued only to bona
30 fide restaurants and clubs, and to dining, club and buffet cars on
31 passenger trains, and to dining places on passenger boats and
32 airplanes, and to dining places at civic centers with facilities for
33 sports, entertainment, and conventions, and to such other
34 establishments operated and maintained primarily for the benefit of
35 tourists, vacationers and travelers as the board shall determine are
36 qualified to have, and in the discretion of the board should have, a
37 spirits, beer, and wine restaurant license under the provisions and
38 limitations of this title.

1 (2) The board may issue an endorsement to the spirits, beer, and
2 wine restaurant license that allows the holder of a spirits, beer,
3 and wine restaurant license to sell bottled wine for off-premises
4 consumption. Spirits and beer may not be sold for off-premises
5 consumption under this section except as provided in subsection (4)
6 of this section. The annual fee for the endorsement under this
7 subsection is one hundred twenty dollars.

8 (3) The holder of a spirits, beer, and wine license or its
9 manager may furnish beer, wine, or spirituous liquor to the
10 licensee's employees free of charge as may be required for use in
11 connection with instruction on beer, wine, or spirituous liquor. The
12 instruction may include the history, nature, values, and
13 characteristics of beer, wine, or spirituous liquor, the use of wine
14 lists, and the methods of presenting, serving, storing, and handling
15 beer, wine, and spirituous liquor. The spirits, beer, and wine
16 restaurant licensee must use the beer, wine, or spirituous liquor it
17 obtains under its license for the sampling as part of the
18 instruction. The instruction must be given on the premises of the
19 spirits, beer, and wine restaurant licensee.

20 (4) The board may issue an endorsement to the spirits, beer, and
21 wine restaurant license that allows the holder of a spirits, beer,
22 and wine restaurant license to sell for off-premises consumption malt
23 liquor in kegs or other containers that are capable of holding four
24 gallons or more of liquid and are registered in accordance with RCW
25 66.28.200. Beer may also be sold under the endorsement to a purchaser
26 in a sanitary container brought to the premises by the purchaser or
27 furnished by the licensee and filled at the tap by the retailer at
28 the time of sale. The annual fee for the endorsement under this
29 subsection is one hundred twenty dollars.

30 (5) (a) The board shall create a soju endorsement to the spirits,
31 beer, and wine restaurant license that allows the holder of a
32 spirits, beer, and wine restaurant license to serve soju for on-
33 premises consumption by the bottle to tables of two or more patrons
34 twenty-one years of age or older. Cost of the endorsement is fifty
35 dollars.

36 (b) The holder of a soju endorsement may serve soju in bottles
37 that are three hundred seventy-five milliliters or less. Empty
38 bottles of soju must remain on the patron's table until the patron
39 has left the premises of the licensee.

1 (c) The patron of a holder of a soju endorsement may remove from
2 the premises recapped in its original container any unused portion of
3 soju that was purchased for consumption with a meal.

4 (d) The board must develop additional responsible sale and
5 service of soju training curriculum related to the provisions of the
6 soju endorsement under this subsection (5) that includes but is not
7 limited to certification procedures and enforcement policies. This
8 information must be provided in both Korean and English languages to
9 licensees holding the soju endorsement. Soju endorsement holders must
10 ensure servers providing soju to patrons are trained in the soju
11 curriculum developed under this subsection (5).

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