

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2412

66th Legislature
2020 Regular Session

Passed by the House March 9, 2020
Yeas 83 Nays 13

**Speaker of the House of
Representatives**

Passed by the Senate March 6, 2020
Yeas 48 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 **HOUSE BILL 2412** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 2412

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington

66th Legislature

2020 Regular Session

By Representatives Stonier, MacEwen, Blake, Young, Eslick, Riccelli,
and Wylie

Read first time 01/14/20. Referred to Committee on Commerce &
Gaming.

1 AN ACT Relating to domestic brewery and microbrewery retail
2 licenses; amending RCW 66.24.244, 66.28.200, 66.28.210, and
3 66.28.220; and reenacting and amending RCW 66.24.240.

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

5 **Sec. 1.** RCW 66.24.240 and 2011 c 195 s 6 and 2011 c 119 s 212
6 are each reenacted and amended to read as follows:

7 (1) There shall be a license for domestic breweries; fee to be
8 two thousand dollars for production of sixty thousand barrels or more
9 of malt liquor per year.

10 (2) Any domestic brewery, except for a brand owner of malt
11 beverages under RCW 66.04.010(7), licensed under this section may
12 also act as a distributor and/or retailer for beer of its own
13 production. Any domestic brewery operating as a distributor and/or
14 retailer under this subsection shall comply with the applicable laws
15 and rules relating to distributors and/or retailers. A domestic
16 brewery holding a spirits, beer, and wine restaurant license may sell
17 beer of its own production for off-premises consumption from its
18 restaurant premises in kegs or in a sanitary container brought to the
19 premises by the purchaser or furnished by the licensee and filled at
20 the tap by the licensee at the time of sale.

1 (3) Any domestic brewery licensed under this section may also
2 sell beer produced by another domestic brewery or a microbrewery for
3 on and off-premises consumption from its premises as long as the
4 other breweries' brands do not exceed twenty-five percent of the
5 domestic brewery's on-tap offering of its own brands.

6 (4) A domestic brewery may hold up to ~~((two))~~ four retail
7 licenses to operate an on or ~~((off-premise—[off-premises]))~~ off-
8 premises tavern, beer and/or wine restaurant, ~~((or))~~ spirits, beer,
9 and wine restaurant, or any combination there of. This retail license
10 is separate from the brewery license. A brewery that holds a tavern
11 license, a spirits, beer, and wine restaurant license, or a beer
12 and/or wine restaurant license shall hold the same privileges and
13 endorsements as permitted under RCW 66.24.320, 66.24.330, and
14 66.24.420.

15 (5) Any domestic brewery licensed under this section may
16 contract-produce beer for a brand owner of malt beverages defined
17 under RCW 66.04.010(7), and this contract-production is not a sale
18 for the purposes of RCW 66.28.170 and 66.28.180.

19 (6)(a) A domestic brewery licensed under this section and
20 qualified for a reduced rate of taxation pursuant to RCW
21 66.24.290(3)(b) may apply to the board for an endorsement to sell
22 bottled beer of its own production at retail for off-premises
23 consumption at a qualifying farmers market. The annual fee for this
24 endorsement is seventy-five dollars.

25 (b) For each month during which a domestic brewery will sell beer
26 at a qualifying farmers market, the domestic brewery must provide the
27 board or its designee a list of the dates, times, and locations at
28 which bottled beer may be offered for sale. This list must be
29 received by the board before the domestic brewery may offer beer for
30 sale at a qualifying farmers market.

31 (c) The beer sold at qualifying farmers markets must be produced
32 in Washington.

33 (d) Each approved location in a qualifying farmers market is
34 deemed to be part of the domestic brewery license for the purpose of
35 this title. The approved locations under an endorsement granted under
36 this subsection do not include the tasting or sampling privilege of a
37 domestic brewery. The domestic brewery may not store beer at a
38 farmers market beyond the hours that the domestic brewery offers
39 bottled beer for sale. The domestic brewery may not act as a
40 distributor from a farmers market location.

1 (e) Before a domestic brewery may sell bottled beer at a
2 qualifying farmers market, the farmers market must apply to the board
3 for authorization for any domestic brewery with an endorsement
4 approved under this subsection to sell bottled beer at retail at the
5 farmers market. This application shall include, at a minimum: (i) A
6 map of the farmers market showing all booths, stalls, or other
7 designated locations at which an approved domestic brewery may sell
8 bottled beer; and (ii) the name and contact information for the on-
9 site market managers who may be contacted by the board or its
10 designee to verify the locations at which bottled beer may be sold.
11 Before authorizing a qualifying farmers market to allow an approved
12 domestic brewery to sell bottled beer at retail at its farmers market
13 location, the board shall notify the persons or entities of such
14 application for authorization pursuant to RCW 66.24.010 (8) and (9).
15 An authorization granted under this subsection (6)(e) may be
16 withdrawn by the board for any violation of this title or any rules
17 adopted under this title.

18 (f) The board may adopt rules establishing the application and
19 approval process under this section and such additional rules as may
20 be necessary to implement this section.

21 (g) For the purposes of this subsection:

22 (i) "Qualifying farmers market" means an entity that sponsors a
23 regular assembly of vendors at a defined location for the purpose of
24 promoting the sale of agricultural products grown or produced in this
25 state directly to the consumer under conditions that meet the
26 following minimum requirements:

27 (A) There are at least five participating vendors who are farmers
28 selling their own agricultural products;

29 (B) The total combined gross annual sales of vendors who are
30 farmers exceeds the total combined gross annual sales of vendors who
31 are processors or resellers;

32 (C) The total combined gross annual sales of vendors who are
33 farmers, processors, or resellers exceeds the total combined gross
34 annual sales of vendors who are not farmers, processors, or
35 resellers;

36 (D) The sale of imported items and secondhand items by any vendor
37 is prohibited; and

38 (E) No vendor is a franchisee.

39 (ii) "Farmer" means a natural person who sells, with or without
40 processing, agricultural products that he or she raises on land he or

1 she owns or leases in this state or in another state's county that
2 borders this state.

3 (iii) "Processor" means a natural person who sells processed food
4 that he or she has personally prepared on land he or she owns or
5 leases in this state or in another state's county that borders this
6 state.

7 (iv) "Reseller" means a natural person who buys agricultural
8 products from a farmer and resells the products directly to the
9 consumer.

10 (7) The state board of health shall adopt rules to allow dogs on
11 the premises of licensed domestic breweries that do not provide food
12 service subject to a food service permit requirement.

13 **Sec. 2.** RCW 66.24.244 and 2015 c 42 s 1 are each amended to read
14 as follows:

15 (1) There shall be a license for microbreweries; fee to be one
16 hundred dollars for production of less than sixty thousand barrels of
17 malt liquor, including strong beer, per year.

18 (2)(a) Any microbrewery licensed under this section may also act
19 as a distributor and/or retailer for beer and strong beer of its own
20 production.

21 (b) Any microbrewery operating as a distributor and/or retailer
22 under this subsection must comply with the applicable laws and rules
23 relating to distributors and/or retailers, except that a microbrewery
24 operating as a distributor may maintain a warehouse off the premises
25 of the microbrewery for the distribution of beer provided that:

26 (i) The warehouse has been approved by the board under RCW
27 66.24.010; and

28 (ii) The number of warehouses off the premises of the
29 microbrewery does not exceed one.

30 (c) A microbrewery holding a spirits, beer, and wine restaurant
31 license may sell beer of its own production for off-premises
32 consumption from its restaurant premises in kegs or in a sanitary
33 container brought to the premises by the purchaser or furnished by
34 the licensee and filled at the tap by the licensee at the time of
35 sale.

36 (3) Any microbrewery licensed under this section may also sell
37 from its premises for on-premises and off-premises consumption:

1 (a) Beer produced by another microbrewery or a domestic brewery
2 as long as the other breweries' brands do not exceed twenty-five
3 percent of the microbrewery's on-tap offerings; or

4 (b) Cider produced by a domestic winery.

5 (4) The board may issue up to (~~two~~) four retail licenses
6 allowing a microbrewery to operate an on or off-premises tavern, beer
7 and/or wine restaurant, (~~or~~) spirits, beer, and wine restaurant, or
8 any combination thereof.

9 (5) A microbrewery that holds a tavern license, spirits, beer,
10 and wine restaurant license, or a beer and/or wine restaurant license
11 holds the same privileges and endorsements as permitted under RCW
12 66.24.320, 66.24.330, and 66.24.420.

13 (6)(a) A microbrewery licensed under this section may apply to
14 the board for an endorsement to sell bottled beer of its own
15 production at retail for off-premises consumption at a qualifying
16 farmers market. The annual fee for this endorsement is seventy-five
17 dollars. However, strong beer may not be sold at a farmers market or
18 under any endorsement which may authorize microbreweries to sell beer
19 at farmers markets.

20 (b) For each month during which a microbrewery will sell beer at
21 a qualifying farmers market, the microbrewery must provide the board
22 or its designee a list of the dates, times, and locations at which
23 bottled beer may be offered for sale. This list must be received by
24 the board before the microbrewery may offer beer for sale at a
25 qualifying farmers market.

26 (c) Any person selling or serving beer must obtain a class 12 or
27 class 13 alcohol server permit.

28 (d) The beer sold at qualifying farmers markets must be produced
29 in Washington.

30 (e) Each approved location in a qualifying farmers market is
31 deemed to be part of the microbrewery license for the purpose of this
32 title. The approved locations under an endorsement granted under this
33 subsection (6) include tasting or sampling privileges subject to the
34 conditions pursuant to RCW 66.24.175. The microbrewery may not store
35 beer at a farmers market beyond the hours that the microbrewery
36 offers bottled beer for sale. The microbrewery may not act as a
37 distributor from a farmers market location.

38 (f) Before a microbrewery may sell bottled beer at a qualifying
39 farmers market, the farmers market must apply to the board for
40 authorization for any microbrewery with an endorsement approved under

1 this subsection (6) to sell bottled beer at retail at the farmers
2 market. This application must include, at a minimum: (i) A map of the
3 farmers market showing all booths, stalls, or other designated
4 locations at which an approved microbrewery may sell bottled beer;
5 and (ii) the name and contact information for the on-site market
6 managers who may be contacted by the board or its designee to verify
7 the locations at which bottled beer may be sold. Before authorizing a
8 qualifying farmers market to allow an approved microbrewery to sell
9 bottled beer at retail at its farmers market location, the board must
10 notify the persons or entities of the application for authorization
11 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
12 this subsection (6)(f) may be withdrawn by the board for any
13 violation of this title or any rules adopted under this title.

14 (g) The board may adopt rules establishing the application and
15 approval process under this section and any additional rules
16 necessary to implement this section.

17 (h) For the purposes of this subsection (6):

18 (i) "Qualifying farmers market" has the same meaning as defined
19 in RCW 66.24.170.

20 (ii) "Farmer" means a natural person who sells, with or without
21 processing, agricultural products that he or she raises on land he or
22 she owns or leases in this state or in another state's county that
23 borders this state.

24 (iii) "Processor" means a natural person who sells processed food
25 that he or she has personally prepared on land he or she owns or
26 leases in this state or in another state's county that borders this
27 state.

28 (iv) "Reseller" means a natural person who buys agricultural
29 products from a farmer and resells the products directly to the
30 consumer.

31 (7) Any microbrewery licensed under this section may
32 contract-produce beer for another microbrewer. This contract-
33 production is not a sale for the purposes of RCW 66.28.170 and
34 66.28.180.

35 (8) The state board of health shall adopt rules to allow dogs on
36 the premises of licensed microbreweries that do not provide food
37 service subject to a food service permit requirement.

38 **Sec. 3.** RCW 66.28.200 and 2009 c 373 s 7 are each amended to
39 read as follows:

1 (1) Licensees holding a beer and/or wine restaurant or a tavern
2 license in combination with an off-premises beer and wine retailer's
3 license, licensees holding a spirits, beer, and wine restaurant
4 license with an endorsement issued under RCW 66.24.400(4), and
5 licensees holding a beer and/or wine specialty shop license with an
6 endorsement issued under RCW 66.24.371(1) may sell malt liquor in
7 kegs or other containers capable of holding four gallons or more of
8 liquid. Under a special endorsement from the board, a grocery store
9 licensee may sell malt liquor in containers no larger than five and
10 one-half gallons. The sale of any container holding four gallons or
11 more must comply with the provisions of this section and RCW
12 66.28.210 through 66.28.240.

13 (2) (~~Any~~) Except as provided in subsection (3) of this section,
14 any person who sells or offers for sale the contents of kegs or other
15 containers containing four gallons or more of malt liquor, or leases
16 kegs or other containers that will hold four gallons of malt liquor,
17 to consumers who are not licensed under chapter 66.24 RCW shall do
18 the following for any transaction involving the container:

19 (a) Require the purchaser of the malt liquor to sign a
20 declaration and receipt for the keg or other container or beverage in
21 substantially the form provided in RCW 66.28.220;

22 (b) Require the purchaser to provide one piece of identification
23 pursuant to RCW 66.16.040;

24 (c) Require the purchaser to sign a sworn statement, under
25 penalty of perjury, that:

26 (i) The purchaser is of legal age to purchase, possess, or use
27 malt liquor;

28 (ii) The purchaser will not allow any person under the age of
29 twenty-one years to consume the beverage except as provided by RCW
30 66.44.270;

31 (iii) The purchaser will not remove, obliterate, or allow to be
32 removed or obliterated, the identification required under RCW
33 66.28.220 to be affixed to the container;

34 (d) Require the purchaser to state the particular address where
35 the malt liquor will be consumed, or the particular address where the
36 keg or other container will be physically located; and

37 (e) Require the purchaser to maintain a copy of the declaration
38 and receipt next to or adjacent to the keg or other container, in no
39 event a distance greater than five feet, and visible without a

1 physical barrier from the keg, during the time that the keg or other
2 container is in the purchaser's possession or control.

3 (3) Domestic breweries licensed under RCW 66.24.240 and
4 microbreweries licensed under RCW 66.24.244 are not subject to this
5 section when selling or offering for sale kegs or other containers
6 containing four gallons or more of malt liquor of the licensee's own
7 production, or when selling, offering for sale, or leasing kegs or
8 other containers that will hold four gallons or more of liquid.

9 (4) A violation of this section is a gross misdemeanor.

10 **Sec. 4.** RCW 66.28.210 and 2003 c 53 s 297 are each amended to
11 read as follows:

12 (1) ((Any)) Except as provided in subsection (2) of this section,
13 any person who purchases the contents of kegs or other containers
14 containing four gallons or more of malt liquor, or purchases or
15 leases the container shall:

16 (a) Sign a declaration and receipt for the keg or other container
17 or beverage in substantially the form provided in RCW 66.28.220;

18 (b) Provide one piece of identification pursuant to RCW
19 66.16.040;

20 (c) Be of legal age to purchase, possess, or use malt liquor;

21 (d) Not allow any person under the age of twenty-one to consume
22 the beverage except as provided by RCW 66.44.270;

23 (e) Not remove, obliterate, or allow to be removed or
24 obliterated, the identification required under rules adopted by the
25 board;

26 (f) Not move, keep, or store the keg or its contents, except for
27 transporting to and from the distributor, at any place other than
28 that particular address declared on the receipt and declaration; and

29 (g) Maintain a copy of the declaration and receipt next to or
30 adjacent to the keg or other container, in no event a distance
31 greater than five feet, and visible without a physical barrier from
32 the keg, during the time that the keg or other container is in the
33 purchaser's possession or control.

34 (2) A person who purchases the contents of a keg or other
35 container containing four gallons or more of malt liquor from a
36 domestic brewery licensed under RCW 66.24.240 or a microbrewery
37 licensed under RCW 66.24.244, or who purchases or leases a keg or
38 other container that will hold four gallons or more of liquid from
39 such a domestic brewery or microbrewery, is not subject to this

1 section except for the requirements in subsection (1)(c) and (d) of
2 this section.

3 (3) A violation of this section is a gross misdemeanor.

4 **Sec. 5.** RCW 66.28.220 and 2007 c 53 s 3 are each amended to read
5 as follows:

6 (1) The board shall adopt rules requiring retail licensees to
7 affix appropriate identification on all containers of four gallons or
8 more of malt liquor for the purpose of tracing the purchasers of such
9 containers. The rules may provide for identification to be done on a
10 statewide basis or on the basis of smaller geographical areas. The
11 rules do not apply to sales by domestic breweries and microbreweries
12 of malt liquor of the licensee's own production in kegs or other
13 containers containing four gallons or more of malt liquor, or to
14 sales or leases by domestic breweries and microbreweries of kegs or
15 containers that will hold four or more gallons of liquid.

16 (2) The board shall develop and make available forms for the
17 declaration and receipt required by RCW 66.28.200. The board may
18 charge spirits, beer, and wine restaurant licensees with an
19 endorsement issued under RCW 66.24.400(4) and grocery store licensees
20 for the costs of providing the forms and that money collected for the
21 forms shall be deposited into the liquor revolving fund for use by
22 the board, without further appropriation, to continue to administer
23 the cost of the keg registration program.

24 (3) (~~It~~) Except as provided in subsection (4) of this section,
25 it is unlawful for any person to sell or offer for sale kegs or other
26 containers containing four gallons or more of malt liquor to
27 consumers who are not licensed under chapter 66.24 RCW if the kegs or
28 containers are not identified in compliance with rules adopted by the
29 board.

30 (4) In accordance with RCW 66.24.200, sales by domestic breweries
31 and microbreweries of malt liquor of the licensee's own production in
32 kegs or other containers containing four gallons or more of malt
33 liquor are not subject to the keg and container identification
34 requirements in this section or the board's rules.

35 (5) A violation of this section is a gross misdemeanor.

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