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**SENATE BILL 5549**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators Lias, King, Hunt, and Braun

Read first time 01/23/19. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to modernizing resident distillery marketing and  
2 sales restrictions; amending RCW 66.24.140, 66.24.145, 66.28.040,  
3 66.24.630, and 66.28.310; and adding new sections to chapter 66.24  
4 RCW.

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

6 **Sec. 1.** RCW 66.24.140 and 2017 c 260 s 1 are each amended to  
7 read as follows:

8 (1) There is a license to distillers, including blending,  
9 rectifying, and bottling; fee two thousand dollars per annum, unless  
10 provided otherwise as follows:

11 (a) For distillers producing one hundred fifty thousand gallons  
12 or less of spirits with at least half of the raw materials used in  
13 the production grown in Washington, the license fee must be reduced  
14 to one hundred dollars per annum;

15 (b) The board must license stills used and to be used solely and  
16 only by a commercial chemist for laboratory purposes, and not for the  
17 manufacture of liquor for sale, at a fee of twenty dollars per annum;

18 (c) The board must license stills used and to be used solely and  
19 only for laboratory purposes in any school, college, or educational  
20 institution in the state, without fee; and

1 (d) The board must license stills that have been duly licensed as  
2 fruit and/or wine distilleries by the federal government, used and to  
3 be used solely as fruit and/or wine distilleries in the production of  
4 fruit brandy and wine spirits, at a fee of two hundred dollars per  
5 annum.

6 (2) Any distillery licensed under this section may:

7 (a) Sell, for off-premises consumption, spirits of ((its)) the  
8 distillery's own production ((for consumption off the premises)),  
9 spirits produced by another distillery or craft distillery licensed  
10 in this state, or vermouth or sparkling wine products produced by a  
11 licensee in this state. A distillery selling spirits or other alcohol  
12 authorized under this subsection must comply with the applicable laws  
13 and rules relating to retailers;

14 (b) Contract distilled spirits for, and sell contract distilled  
15 spirits to, holders of distillers' or manufacturers' licenses,  
16 including licenses issued under RCW 66.24.520, or for export; and

17 (c) ~~((Provide samples subject to the following conditions:~~

18 ~~(i) For the purposes of this subsection, the maximum amount of~~  
19 ~~alcohol per person per day is two ounces;~~

20 ~~(ii) Provide free or for a charge one-half ounce or less samples~~  
21 ~~of spirits of its own production to persons on the premises of the~~  
22 ~~distillery. Spirits samples may be adulterated with nonalcoholic~~  
23 ~~mixers, mixers with alcohol of the distiller's own production, water,~~  
24 ~~and/or ice;~~

25 ~~(iii) Sell adulterated samples of spirits of their own~~  
26 ~~production, water, and/or ice to persons on the premises at the~~  
27 ~~distillery; and~~

28 ~~(iv) Every person who participates in any manner in the service~~  
29 ~~of these samples must obtain a class 12 alcohol server permit)) Serve~~

30 samples of spirits for free or for a charge, and sell servings of  
31 spirits, vermouth, and sparkling wine to customers for on-premises  
32 consumption, at the premises of the distillery indoors, outdoors, or  
33 in any combination thereof, and at the distillery's off-site tasting  
34 rooms in accordance with this chapter, subject to the following  
35 conditions:

36 (i) A distillery may provide to customers, for free or for a  
37 charge, for on-premises consumption, spirits samples that are one-  
38 half ounce or less per sample of spirits, and that may be adulterated  
39 with water, ice, other alcohol entitled to be served or sold on the  
40 licensed premises under this section, or nonalcoholic mixers;

1 (ii) A distillery may sell, for on-premises consumption, servings  
2 of spirits of the distillery's own production or spirits produced by  
3 another distillery or craft distillery licensed in this state, which  
4 must be adulterated with water, ice, other alcohol entitled to be  
5 sold or served on the licensed premises, or nonalcoholic mixers; and

6 (iii) A distillery may sell, for on-premises consumption,  
7 servings of vermouth or sparkling wine products produced by a  
8 licensee in this state.

9 (3) (a) If a distillery provides or sells spirits or other alcohol  
10 products authorized to be sold or provided to customers for on-  
11 premises or off-premises consumption that are produced by another  
12 distillery, craft distillery, or licensee in this state, then at any  
13 one time no more than twenty-five percent of the alcohol stock-  
14 keeping units offered or sold by the distillery at its distillery  
15 premises and at any off-site tasting rooms licensed under section 3  
16 of this act may be vermouth, sparkling wine, or spirits made by  
17 another distilled spirits producer or licensee. If a distillery sells  
18 fewer than twenty alcohol stock keeping units of products of its own  
19 production, it may sell up to five alcohol stock keeping units of  
20 another distillery, craft distillery, or licensee in this state.

21 (b) A person is limited to receiving or purchasing, for on-  
22 premises consumption, no more than two ounces total of spirits that  
23 are unadulterated. Any additional spirits purchased for on-premises  
24 consumption must be adulterated as authorized in this section.

25 (c) Except for an event in which a private party has secured a  
26 private banquet permit, after 9:00 p.m. no person under twenty-one  
27 years of age may enter or remain on a distillery's premises in an  
28 area where alcohol is sampled, sold, or served, or on the premises of  
29 a distillery's off-site tasting room licensed under section 3 of this  
30 act.

31 (d) Any person serving or selling spirits or other alcohol  
32 authorized to be served or sold by a distillery must obtain a class  
33 12 alcohol server permit.

34 (e) A distillery may sell nonalcoholic products at retail.

35 **Sec. 2.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to  
36 read as follows:

37 (1) (a) Any craft distillery may sell, for off-premises  
38 consumption, spirits of its own production (~~for consumption off the~~  
39 ~~premises~~), spirits produced by another craft distillery or

1 distillery licensed in this state, and vermouth and sparkling wine  
2 products produced by a licensee in this state.

3 (b) A craft distillery selling spirits or other alcohol  
4 authorized under this subsection must comply with the applicable laws  
5 and rules relating to retailers.

6 (2) Any craft distillery may contract distilled spirits for, and  
7 sell contract distilled spirits to, holders of distillers' or  
8 manufacturers' licenses, including licenses issued under RCW  
9 66.24.520, or for export.

10 (3) Any craft distillery licensed under this section may  
11 ~~((provide, free or for a charge, one-half ounce or less samples of~~  
12 ~~spirits of its own production to persons on the premises of the~~  
13 ~~distillery. The maximum total per person per day is two ounces. Every~~  
14 ~~person who participates in any manner in the service of samples must~~  
15 ~~obtain a class 12 alcohol server permit. Spirits samples may be~~  
16 ~~adulterated with nonalcoholic mixers, water, and/or ice.~~

17 ~~(4))~~ serve samples of spirits for free or for a charge, and sell  
18 servings of spirits, vermouth, and sparkling wine products to  
19 customers for on-premises consumption, at the premises of the  
20 distillery indoors, outdoors, or in any combination thereof, and at  
21 the distillery's off-site tasting rooms, in accordance with this  
22 chapter, subject to the following conditions:

23 (a) A craft distillery may provide to customers, for free or for  
24 a charge, for on-premises consumption, spirits samples that are one-  
25 half ounce or less per sample of spirits, and that may be adulterated  
26 with water, ice, other alcohol entitled to be sold or served on the  
27 licensed premises, or nonalcoholic mixers;

28 (b) A craft distillery may sell, for on-premises consumption,  
29 servings of spirits of the craft distillery's own production and  
30 spirits produced by another craft distillery or distillery licensed  
31 in this state, which must be adulterated with water, ice, other  
32 alcohol entitled to be sold or served on the licensed premises, or  
33 nonalcoholic mixers; and

34 (c) A distillery may sell, for on-premises consumption, servings  
35 of vermouth or sparkling wine products produced by a licensee in this  
36 state.

37 (4) (a) If a craft distillery provides or sells spirits or other  
38 alcohol products authorized to be sold or provided to customers for  
39 on-premises or off-premises consumption that are produced by another  
40 distillery, craft distillery, or licensee in this state, then at any

1 one time no more than twenty-five percent of the alcohol stock-  
2 keeping units offered or sold by the craft distillery at its craft  
3 distillery premises and at any off-site tasting rooms licensed under  
4 section 3 of this act may be vermouth, sparkling wine, or spirits  
5 made by another distilled spirits producer or licensee. If a  
6 distillery sells fewer than twenty alcohol stock keeping units of  
7 products of its own production, it may sell up to five alcohol stock  
8 keeping units of another distillery, craft distillery, or licensee in  
9 this state.

10 (b) A person is limited to receiving or purchasing, for on-  
11 premises consumption, no more than two ounces total of spirits that  
12 are unadulterated. Any additional spirits purchased for on-premises  
13 consumption must be adulterated.

14 (c) Any person serving or selling spirits or other alcohol  
15 authorized to be served or sold by a craft distillery must obtain a  
16 class 12 alcohol server permit.

17 (5)(a) A distillery or craft distillery licensee may apply to the  
18 board for an endorsement to sample and sell spirits of its own  
19 production at retail (~~for off-premises consumption~~) at a qualifying  
20 farmers market. The annual fee for this endorsement is seventy-five  
21 dollars. Sampling is limited to a total of no more than two ounces of  
22 spirits of the distillery's or craft distillery's own production. The  
23 samples may be adulterated with the addition of ice, water, juice, or  
24 other nonalcoholic mixers. Bottles sold are for off-premises  
25 consumption only.

26 (b) For each month during which a distillery or craft distillery  
27 (~~will~~) samples and sells spirits at a qualifying farmers market,  
28 the distillery or craft distillery must provide the board or its  
29 designee a list of the dates, times, and locations at which bottled  
30 spirits may be offered for sale. This list must be received by the  
31 board before the spirits may be offered for sale at a qualifying  
32 farmers market.

33 (c) Each approved location in a qualifying farmers market is  
34 deemed to be part of the distillery or craft distillery license for  
35 the purpose of this title(~~. The approved locations under an~~  
36 endorsement granted under this subsection do not include tasting or  
37 sampling privileges)), but shall not be counted against the allowed  
38 number of off-site tasting rooms allowed under this chapter. The  
39 distillery or craft distillery may not store spirits at a farmers  
40 market beyond the hours that the bottled spirits are offered for

1 sale. The distillery or craft distillery may not act as a distributor  
2 from a farmers market location.

3 (d) Before a distillery or craft distillery (~~(may)~~) samples and  
4 sells (~~(bottled)~~) spirits at a qualifying farmers market, the farmers  
5 market must apply to the board for authorization for any distillery  
6 or craft distillery with an endorsement approved under this  
7 subsection to sample and sell bottled spirits at retail at the  
8 farmers market. A farmers market may restrict the participation of a  
9 distillery or craft distillery to bottle sales for off-premise  
10 consumption only and not allow the sampling of spirits. This  
11 application must include, at a minimum: (i) A map of the farmers  
12 market showing all booths, stalls, or other designated locations at  
13 which an approved distillery or craft distillery (~~(may)~~) samples and  
14 sells bottled spirits. If sampling is allowed it must be in a  
15 location with an adequate line of demarcation or barrier so as to  
16 prevent those under twenty-one years of age from accessing the booth  
17 or stalls. Such location may be in proximity to an identified and  
18 approved wine or beer consumption area of the farmers market, if any;  
19 and (ii) the name and contact information for the on-site market  
20 managers who may be contacted by the board or its designee to verify  
21 the locations at which bottled spirits may be sold. Before  
22 authorizing a qualifying farmers market to allow an approved  
23 distillery or craft distillery to sample and sell bottled spirits at  
24 retail at its farmers market location, the board must notify the  
25 persons or entities of such application for authorization pursuant to  
26 RCW 66.24.010 (8) and (9). An authorization granted under this  
27 subsection (~~((4))~~) (5)(d) may be withdrawn by the board for any  
28 violation of this title or any rules adopted under this title.

29 (e) For the purposes of this subsection (~~((4))~~) (5), "qualifying  
30 farmers market" has the same meaning as defined in RCW 66.24.170.

31 (~~((5))~~) (6) The board must adopt rules to implement the alcohol  
32 server permit requirement and may adopt additional rules to implement  
33 this section.

34 (~~((6))~~) (7) Distilling is an agricultural practice.

35 (8) Except for an event in which a private party has secured a  
36 private banquet permit, after 9:00 p.m. no person under twenty-one  
37 years of age may enter or remain on a craft distillery's premises in  
38 an area where alcohol is sampled, sold, or served, or on the premises  
39 of a craft distillery's off-site tasting room licensed under section  
40 3 of this act.

1       (9) A craft distillery may sell nonalcoholic products at retail.

2       NEW SECTION. Sec. 3. A new section is added to chapter 66.24  
3 RCW to read as follows:

4       (1)(a) There is a tasting room license available to distillery  
5 and craft distillery licensees. A tasting room license authorizes the  
6 operation of an off-site tasting room, in addition to a tasting room  
7 attached to the distillery's or craft distillery's production  
8 facility, at which the licensee may sample, serve, and sell spirits  
9 and alcohol products authorized to be sampled, served, and sold under  
10 RCW 66.24.140 and 66.24.145, for on-premises and off-premises  
11 consumption, subject to the same limitations as provided in RCW  
12 66.24.140 and 66.24.145.

13       (b) A distillery or craft distillery licensee is eligible for no  
14 more than four tasting room licenses located in this state, which may  
15 be indoors, or outdoors or a combination thereof, and which shall be  
16 administratively tied to a licensed production facility. A separate  
17 license is required for the operation of each off-site tasting room.  
18 The fee for the first off-site tasting room license is one hundred  
19 dollars per annum. The fee for each additional off-site tasting room  
20 license is one thousand dollars per annum. No additional license is  
21 required for a distillery or craft distillery to sample, serve, and  
22 sell spirits and alcohol to customers on the distillery or craft  
23 distillery premises as authorized under RCW 66.24.140 and 66.24.145.

24       (2)(a) Except for an event in which a private party has secured a  
25 private banquet permit, after 9:00 p.m. no person under twenty-one  
26 years of age may enter or remain on the premises of a tasting room  
27 licensed under this section.

28       (b) Any person serving or selling spirits or other alcohol  
29 authorized to be served or sold by a craft distillery must obtain a  
30 class 12 alcohol server permit.

31       NEW SECTION. Sec. 4. A new section is added to chapter 66.24  
32 RCW to read as follows:

33       (1) Of the off-site tasting rooms allowed in this chapter, any  
34 distillery, craft distillery, domestic winery, or any combination of  
35 licensees thereof, licensed under this chapter may jointly occupy and  
36 co-operate up to two off-site locations, which may be indoors,  
37 outdoors, or a combination thereof, at which they may sample, serve,  
38 and sell products of their own production and products authorized to

1 be sampled, served, and sold under the terms of their license. The  
2 licensees must maintain separate storage of products and separate  
3 financials.

4 (2) Any domestic brewery, microbrewery, domestic winery,  
5 distillery, or craft distillery licensed under this chapter, or any  
6 combination of licensees thereof, whose property parcels or buildings  
7 are located in direct physical proximity to one another may share a  
8 standing or seated tasting area for patrons to use, which may be  
9 indoors, outdoors, or a combination thereof. Each licensee may  
10 sample, serve, and sell products the licensee is authorized to  
11 sample, serve, and sell under the terms of its license, for on-  
12 premises consumption in the jointly operated consumption area. Each  
13 licensee must use distinctly marked glassware or serving containers  
14 to identify the source of any product being consumed.

15 (3) Licensees operating under this section must comply with the  
16 applicable laws and rules relating to retailers.

17 (4) Licensees operating under this section must comply with all  
18 applicable laws and rules relating to sampling and serving, as may be  
19 allowed by their license type.

20 (5) All licensees who participate in:

21 (a) A jointly operated off-premises location allowed under  
22 subsection (1) of this section, or

23 (b) A conjoined consumption area allowed under subsection (2) of  
24 this section must share staffing resources and if no single licensee  
25 can be reasonably identified as the source of any violation or  
26 enforcement issue, each licensee shall be responsible in the event of  
27 any such enforcement issues, unless the enforcement issue was due  
28 only to one licensee's conduct.

29 (6) Every person who participates in any manner in the sale or  
30 service of samples or servings of spirits must obtain a class 12  
31 alcohol server permit. Every person who participates in any manner in  
32 the sale or service of samples or servings of beer and wine must  
33 obtain a class 12 or class 13 alcohol server permit.

34 **Sec. 5.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
35 read as follows:

36 (1) Except as permitted by the board under RCW 66.20.010, or as  
37 allowed under this title, no domestic brewery, microbrewery,  
38 distributor, distiller, domestic winery, importer, rectifier,  
39 certificate of approval holder, or other manufacturer of liquor may,



1 within the state of Washington, give to any person any liquor(~~+~~  
2 ~~but~~) without charge.

3 (2) Nothing in this section nor in RCW 66.28.305 prevents a  
4 domestic brewery, microbrewery, distributor, domestic winery,  
5 distiller, certificate of approval holder, or importer from  
6 furnishing samples of beer, wine, or spirituous liquor to authorized  
7 licensees for the purpose of negotiating a sale, in accordance with  
8 regulations adopted by the liquor and cannabis board, provided that  
9 the samples are subject to taxes imposed by RCW 66.24.290 and  
10 66.24.210(~~+~~).

11 (3) Nothing in this section prevents a domestic brewery,  
12 microbrewery, domestic winery, distillery, certificate of approval  
13 holder, or distributor from furnishing beer, wine, or spirituous  
14 liquor for instructional purposes under RCW 66.28.150(~~+~~).

15 (4) Nothing in this section prevents a domestic winery,  
16 certificate of approval holder, or distributor from furnishing wine  
17 without charge, subject to the taxes imposed by RCW 66.24.210, to a  
18 not-for-profit group organized and operated solely for the purpose of  
19 enology or the study of viticulture which has been in existence for  
20 at least six months and that uses wine so furnished solely for such  
21 educational purposes or a domestic winery, or an out-of-state  
22 certificate of approval holder, from furnishing wine without charge  
23 or a domestic brewery, or an out-of-state certificate of approval  
24 holder, from furnishing beer without charge, subject to the taxes  
25 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
26 licensed under RCW 66.24.140 or an accredited representative of a  
27 distiller, manufacturer, importer, or distributor of spirituous  
28 liquor licensed under RCW 66.24.310, from furnishing spirits without  
29 charge, to a nonprofit charitable corporation or association exempt  
30 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
31 revenue code of 1986 for use consistent with the purpose or purposes  
32 entitling it to such exemption(~~+~~).

33 (5) Nothing in this section prevents a domestic brewery or  
34 microbrewery from serving beer without charge, on the brewery  
35 premises(~~+~~).

36 (6) Nothing in this section prevents donations of wine for the  
37 purposes of RCW 66.12.180(~~+~~).

38 (7) Nothing in this section prevents a domestic winery from  
39 serving wine without charge, on the winery premises(~~+~~~~and~~).

1       (8) Nothing in this section prevents a craft distillery from  
2 serving spirits, ((on the distillery premises subject to RCW  
3 66.24.145)) including spirits adulterated with other alcohol entitled  
4 to be served or sold under RCW 66.24.140 or 66.24.145, to customers  
5 on the distillery premises or at an off-site tasting room as  
6 authorized under the terms of the license.

7       **Sec. 6.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read  
8 as follows:

9       (1) There is a spirits retail license to: Sell spirits in  
10 original containers to consumers for consumption off the licensed  
11 premises and to permit holders; sell spirits in original containers  
12 to retailers licensed to sell spirits for consumption on the  
13 premises, for resale at their licensed premises according to the  
14 terms of their licenses, although no single sale may exceed twenty-  
15 four liters, unless the sale is by a licensee that was a contract  
16 liquor store manager of a contract liquor store at the location of  
17 its spirits retail licensed premises from which it makes such sales;  
18 and export spirits.

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

24       (a) Maintain a schedule by stock-keeping unit of all their  
25 purchases of spirits from spirits retail licensees, including  
26 combination spirits, beer, and wine licensees holding a license  
27 issued pursuant to RCW 66.24.035, indicating the identity of the  
28 seller and the quantities purchased; and

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

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

35       (ii) A distiller acting as distributor of the scheduled item in  
36 the area.

37       (3)(a) Except as otherwise provided in (c) of this subsection,  
38 the board may issue spirits retail licenses only for premises  
39 comprising at least ten thousand square feet of fully enclosed retail

1 space within a single structure, including storerooms and other  
2 interior auxiliary areas but excluding covered or fenced exterior  
3 areas, whether or not attached to the structure, and only to  
4 applicants that the board determines will maintain systems for  
5 inventory management, employee training, employee supervision, and  
6 physical security of the product substantially as effective as those  
7 of stores currently operated by the board with respect to preventing  
8 sales to or pilferage by underage or inebriated persons.

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

17 (c) The board may not deny a spirits retail license to an  
18 otherwise qualified contract liquor store at its contract location or  
19 to the holder of former state liquor store operating rights sold at  
20 auction under RCW 66.24.620 on the grounds of location, nature, or  
21 size of the premises to be licensed. The board may not deny a spirits  
22 retail license to applicants that are not contract liquor stores or  
23 operating rights holders on the grounds of the size of the premises  
24 to be licensed, if such applicant is otherwise qualified and the  
25 board determines that:

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

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

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

32 (d) A retailer authorized to sell spirits for consumption on or  
33 off the licensed premises may accept delivery of spirits at its  
34 licensed premises, at another licensed premises as designated by the  
35 retailer, or at one or more warehouse facilities registered with the  
36 board, which facilities may also warehouse and distribute nonliquor  
37 items, and from which the retailer may deliver to its own licensed  
38 premises and, pursuant to sales permitted under subsection (1) of  
39 this section:

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

3 (ii) To other registered facilities; or

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

8 (e) For purposes of negotiating volume discounts, a group of  
9 individual retailers authorized to sell spirits for consumption off  
10 the licensed premises may accept delivery of spirits at their  
11 individual licensed premises or at any one of the individual  
12 licensee's premises, or at a warehouse facility registered with the  
13 board.

14 (4) (a) Except as otherwise provided in RCW 66.24.632, or in (b)  
15 of this subsection, each spirits retail licensee must pay to the  
16 board, for deposit into the liquor revolving fund, a license issuance  
17 fee equivalent to seventeen percent of all spirits sales revenues  
18 under the license, exclusive of taxes collected by the licensee and  
19 of sales of items on which a license fee payable under this section  
20 has otherwise been incurred. The board must establish rules setting  
21 forth the timing of such payments and reporting of sales dollar  
22 volume by the licensee, with payments required quarterly in arrears.  
23 The first payment is due October 1, 2012.

24 (b) This subsection (4) does not apply to craft distilleries for  
25 sales of spirits of the craft distillery's own production.

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

34 (6) As a condition to receiving and renewing a spirits retail  
35 license the licensee must provide training as prescribed by the board  
36 by rule for individuals who sell spirits or who manage others who  
37 sell spirits regarding compliance with laws and regulations regarding  
38 sale of spirits, including without limitation the prohibitions  
39 against sale of spirits to individuals who are underage or visibly  
40 intoxicated. The training must be provided before the individual

1 first engages in the sale of spirits and must be renewed at least  
2 every five years. The licensee must maintain records documenting the  
3 nature and frequency of the training provided. An employee training  
4 program is presumptively sufficient if it incorporates a "responsible  
5 vendor program" adopted by the board.

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

10 (8)(a) The board must adopt regulations concerning the adoption  
11 and administration of a compliance training program for spirits  
12 retail licensees, to be known as a "responsible vendor program," to  
13 reduce underage drinking, encourage licensees to adopt specific best  
14 practices to prevent sales to minors, and provide licensees with an  
15 incentive to give their employees ongoing training in responsible  
16 alcohol sales and service.

17 (b) Licensees who join the responsible vendor program under this  
18 section and maintain all of the program's requirements are not  
19 subject to the doubling of penalties provided in this section for a  
20 single violation in any period of twelve calendar months.

21 (c) The responsible vendor program must be free, voluntary, and  
22 self-monitoring.

23 (d) To participate in the responsible vendor program, licensees  
24 must submit an application form to the board. If the application  
25 establishes that the licensee meets the qualifications to join the  
26 program, the board must send the licensee a membership certificate.

27 (e) A licensee participating in the responsible vendor program  
28 must at a minimum:

29 (i) Provide ongoing training to employees;

30 (ii) Accept only certain forms of identification for alcohol  
31 sales;

32 (iii) Adopt policies on alcohol sales and checking  
33 identification;

34 (iv) Post specific signs in the business; and

35 (v) Keep records verifying compliance with the program's  
36 requirements.

37 (f)(i) A spirits retail licensee that also holds a grocery store  
38 license under RCW 66.24.360 or a beer and/or wine specialty shop  
39 license under RCW 66.24.371 may, upon board approval and pursuant to

1 board rules, transition to a combination spirits, beer, and wine  
2 license pursuant to RCW 66.24.035.

3 (ii) An applicant that would qualify for a spirits retail license  
4 under this section and that qualifies for a combination spirits,  
5 beer, and wine license pursuant to RCW 66.24.035 may apply for a  
6 license pursuant to RCW 66.24.035 instead of applying for a spirits  
7 retail license under this section.

8 **Sec. 7.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to read  
9 as follows:

10 (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from  
11 providing retailers branded promotional items which are of nominal  
12 value, singly or in the aggregate. Such items include but are not  
13 limited to: Trays, lighters, blotters, postcards, pencils, coasters,  
14 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or  
15 can openers, corkscrews, matches, printed recipes, shirts, hats,  
16 visors, and other similar items. Branded promotional items:

17 (i) Must be used exclusively by the retailer or its employees in  
18 a manner consistent with its license;

19 (ii) Must bear imprinted advertising matter of the industry  
20 member only, except imprinted advertising matter of the industry  
21 member can include the logo of a professional sports team which the  
22 industry member is licensed to use;

23 (iii) May be provided by industry members only to retailers and  
24 their employees and may not be provided by or through retailers or  
25 their employees to retail customers; and

26 (iv) May not be targeted to or appeal principally to youth.

27 (b) An industry member is not obligated to provide any such  
28 branded promotional items, and a retailer may not require an industry  
29 member to provide such branded promotional items as a condition for  
30 selling any alcohol to the retailer.

31 (c) Any industry member or retailer or any other person asserting  
32 that the provision of branded promotional items as allowed in (a) of  
33 this subsection has resulted or is more likely than not to result in  
34 undue influence or an adverse impact on public health and safety, or  
35 is otherwise inconsistent with the criteria in (a) of this subsection  
36 may file a complaint with the board. Upon receipt of a complaint the  
37 board may conduct such investigation as it deems appropriate in the  
38 circumstances. If the investigation reveals the provision of branded  
39 promotional items has resulted in or is more likely than not to

1 result in undue influence or has resulted or is more likely than not  
2 to result in an adverse impact on public health and safety or is  
3 otherwise inconsistent with (a) of this subsection the board may  
4 issue an administrative violation notice to the industry member, to  
5 the retailer, or both. The recipient of the administrative violation  
6 notice may request a hearing under chapter 34.05 RCW.

7 (2) Nothing in RCW 66.28.305 prohibits:

8 (a) An industry member from providing to a special occasion  
9 licensee and a special occasion licensee from receiving services for:

10 (i) Installation of draft beer dispensing equipment or  
11 advertising;

12 (ii) Advertising, pouring, or dispensing of beer or wine at a  
13 beer or wine tasting exhibition or judging event; or

14 (iii) Pouring or dispensing of spirits by a licensed domestic  
15 distiller or the accredited representative of a distiller,  
16 manufacturer, importer, or distributor of spirituous liquor licensed  
17 under RCW 66.24.310; or

18 (b) Special occasion licensees from paying for beer, wine, or  
19 spirits immediately following the end of the special occasion event;  
20 or

21 (c) Wineries, breweries, or distilleries that are participating  
22 in a special occasion event from paying reasonable booth fees to the  
23 special occasion licensee.

24 (3) Nothing in RCW 66.28.305 prohibits industry members from  
25 performing, and retailers from accepting the service of building,  
26 rotating, and restocking displays and stockroom inventories; rotating  
27 and rearranging can and bottle displays of their own products;  
28 providing point of sale material and brand signs; pricing case goods  
29 of their own brands; and performing such similar business services  
30 consistent with board rules, or personal services as described in  
31 subsection (5) of this section.

32 (4) Nothing in RCW 66.28.305 prohibits:

33 (a) Industry members from listing on their internet web sites  
34 information related to retailers who sell or promote their products,  
35 including direct links to the retailers' internet web sites; and

36 (b) Retailers from listing on their internet web sites  
37 information related to industry members whose products those  
38 retailers sell or promote, including direct links to the industry  
39 members' web sites; or

1 (c) Industry members and retailers from producing, jointly or  
2 together with regional, state, or local industry associations,  
3 brochures and materials promoting tourism in Washington state which  
4 contain information regarding retail licensees, industry members, and  
5 their products.

6 (5) Nothing in RCW 66.28.305 prohibits the performance of  
7 personal services offered from time to time by a domestic winery or  
8 certificate of approval holder to retailers when the personal  
9 services are (a) conducted at a licensed premises, and (b) intended  
10 to inform, educate, or enhance customers' knowledge or experience of  
11 the manufacturer's products. The performance of personal services may  
12 include participation and pouring, bottle signing events, and other  
13 similar informational or educational activities at the premises of a  
14 retailer holding a spirits, beer, and wine restaurant license, a wine  
15 and/or beer restaurant license, a specialty wine shop license, a  
16 special occasion license, a grocery store license with a tasting  
17 endorsement, or a private club license. A domestic winery or  
18 certificate of approval holder is not obligated to perform any such  
19 personal services, and a retail licensee may not require a domestic  
20 winery or certificate of approval holder to conduct any personal  
21 service as a condition for selling any alcohol to the retail  
22 licensee, or as a condition for including any product of the domestic  
23 winery or certificate of approval holder in any tasting conducted by  
24 the licensee. Except as provided in RCW 66.28.150, the cost of  
25 sampling may not be borne, directly or indirectly, by any domestic  
26 winery or certificate of approval holder or any distributor. Nothing  
27 in this section prohibits wineries, breweries, microbreweries,  
28 certificate of approval holders, and retail licensees from  
29 identifying the producers on private labels authorized under RCW  
30 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

31 (6) Nothing in RCW 66.28.305 prohibits an industry member from  
32 entering into an arrangement with any holder of a sports  
33 entertainment facility license or an affiliated business for brand  
34 advertising at the licensed facility or promoting events held at the  
35 sports entertainment facility as authorized under RCW 66.24.570.

36 (7) Nothing in RCW 66.28.305 prohibits the performance of  
37 personal services offered from time to time by a domestic brewery,  
38 microbrewery, or beer certificate of approval holder to grocery store  
39 licensees with a tasting endorsement when the personal services are  
40 (a) conducted at a licensed premises in conjunction with a tasting



1 event, and (b) intended to inform, educate, or enhance customers'  
2 knowledge or experience of the manufacturer's products. The  
3 performance of personal services may include participation and  
4 pouring, bottle signing events, and other similar informational or  
5 educational activities. A domestic brewery, microbrewery, or beer  
6 certificate of approval holder is not obligated to perform any such  
7 personal services, and a grocery store licensee may not require the  
8 performance of any personal service as a condition for including any  
9 product in any tasting conducted by the licensee.

10 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a  
11 domestic winery and a restaurant licensed under RCW 66.24.320 or  
12 66.24.400 to waive a corkage fee.

13 (9) Nothing in this section prohibits professional sports teams  
14 who hold a retail liquor license or their agents from accepting bona  
15 fide liquor advertising from manufacturers, importers, distributors,  
16 or their agents for use in the sporting arena. Professional sports  
17 teams who hold a retail liquor license or their agents may license  
18 the manufacturer, importer, distributor, or their agents to use the  
19 name and trademarks of the professional sports team in their  
20 advertising and promotions, under the following conditions:

21 (a) Such advertising must be paid for by said manufacturer,  
22 importer, distributor, or their agent at the published advertising  
23 rate or at a reasonable fair market value.

24 (b) Such advertising may carry with it no express or implied  
25 offer on the part of the manufacturer, importer, distributor, or  
26 their agent, or promise on the part of the retail licensee whose  
27 operation is directly or indirectly part of the sporting arena, to  
28 stock or list any particular brand of liquor to the total or partial  
29 exclusion of any other brand.

30 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic  
31 brewery or microbrewery from providing branded promotional items  
32 which are of nominal value, singly or in the aggregate, to a  
33 nonprofit charitable corporation or association exempt from taxation  
34 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it  
35 existed on July 24, 2015, for use consistent with the purpose or  
36 purposes entitling it to such exemption.

37 (11) Nothing in RCW 66.28.305 prohibits a distillery, craft  
38 distillery, or spirits certificate of approval holder from providing  
39 branded promotional items which are of nominal value, singly or in  
40 the aggregate, to a nonprofit charitable corporation or association

1 exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the  
2 federal internal revenue code of 1986, as amended, as of the  
3 effective date of this section, for use consistent with the purpose  
4 or purposes entitling it to such exemption.

5 NEW SECTION. **Sec. 8.** If any provision of this act or its  
6 application to any person or circumstance is held invalid, the  
7 remainder of the act or the application of the provision to other  
8 persons or circumstances is not affected.

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