

3SHB 1359 - S COMM AMD

By Committee on Labor, Commerce & Tribal Affairs

OUT OF ORDER 03/10/2022

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that operations of
4 businesses in the hospitality industry have been significantly
5 disrupted since the beginning of the COVID-19 pandemic. Many of these
6 businesses, including restaurants, hotels, theaters, caterers, and
7 nightclubs maintain state liquor licenses in order to offer their
8 customers beer, wine, or spirits as products or amenities as
9 authorized under the terms of their licenses. However, many
10 licensees' businesses were completely or partially closed for much of
11 2020 and continue to be closed or substantially disrupted in 2021 and
12 2022. Recognizing many licensees' inability to fully operate and use
13 their license, and the financial hardships faced by many licensees,
14 the legislature intends to provide relief to the hospitality industry
15 by reducing certain liquor license fees in 2022 and 2023.

16 **Sec. 2.** RCW 66.24.420 and 2021 c 6 s 9 are each amended to read
17 as follows:

18 (1) The spirits, beer, and wine restaurant license shall be
19 issued in accordance with the following schedule of annual fees:

20 (a) The annual fee for a spirits, beer, and wine restaurant
21 license shall be graduated according to the dedicated dining area and
22 type of service provided as follows:

23	Less than 50% dedicated dining area	(((\$2,000))
24		<u>\$1,000</u>
25	50% or more dedicated dining area	(((\$1,600))
26		<u>\$800</u>
27	Service bar only	(((\$1,000))
28		<u>\$500</u>

29 (b) The annual fee for the license when issued to any other
30 spirits, beer, and wine restaurant licensee outside of incorporated

1 cities and towns shall be prorated according to the calendar
2 quarters, or portion thereof, during which the licensee is open for
3 business, except in case of suspension or revocation of the license.

4 (c) Where the license shall be issued to any corporation,
5 association or person operating a bona fide restaurant in an airport
6 terminal facility providing service to transient passengers with more
7 than one place where liquor is to be dispensed and sold, such license
8 shall be issued upon the payment of the annual fee, which shall be a
9 master license and shall permit such sale within and from one such
10 place. Such license may be extended to additional places on the
11 premises at the discretion of the board and a duplicate license may
12 be issued for each such additional place. The holder of a master
13 license for a restaurant in an airport terminal facility must
14 maintain in a substantial manner at least one place on the premises
15 for preparing, cooking, and serving of complete meals, and such food
16 service shall be available on request in other licensed places on the
17 premises. An additional license fee of twenty-five percent of the
18 annual master license fee shall be required for such duplicate
19 licenses.

20 (d) Where the license shall be issued to any corporation,
21 association, or person operating dining places at a publicly or
22 privately owned civic or convention center with facilities for
23 sports, entertainment, or conventions, or a combination thereof, with
24 more than one place where liquor is to be dispensed and sold, such
25 license shall be issued upon the payment of the annual fee, which
26 shall be a master license and shall permit such sale within and from
27 one such place. Such license may be extended to additional places on
28 the premises at the discretion of the board and a duplicate license
29 may be issued for each such additional place. The holder of a master
30 license for a dining place at such a publicly or privately owned
31 civic or convention center must maintain in a substantial manner at
32 least one place on the premises for preparing, cooking, and serving
33 of complete meals, and food service shall be available on request in
34 other licensed places on the premises. An additional license fee of
35 ten dollars shall be required for such duplicate licenses.

36 (e) The annual fees in this subsection (1) are waived during the
37 12-month period beginning with the second calendar month after
38 February 28, 2021, for:

39 (i) Licenses that expire during the 12-month waiver period under
40 this subsection (1)(e); and

1 (ii) Licenses issued to persons previously licensed under this
2 section at any time during the 12-month period prior to the 12-month
3 waiver period under this subsection (1)(e).

4 (f) The waivers in (e) of this subsection do not apply to any
5 licensee that:

6 (i) Had their license suspended by the board for health and
7 safety violations of state COVID-19 guidelines; or

8 (ii) Received an order of immediate restraint or citation from
9 the department of labor and industries for allowing an employee to
10 perform work where business activity was prohibited in violation of
11 an emergency proclamation of the governor under RCW 43.06.220.

12 (g) Upon request of the department of revenue, the board and the
13 department of labor and industries must both provide a list of
14 persons that they have determined to be ineligible for a fee waiver
15 under (e) of this subsection for the reasons described in (f) of this
16 subsection. Unless otherwise agreed, any list must be received by the
17 department of revenue no later than 15 calendar days after the
18 request is made.

19 (2) The board, so far as in its judgment is reasonably possible,
20 shall confine spirits, beer, and wine restaurant licenses to the
21 business districts of cities and towns and other communities, and not
22 grant such licenses in residential districts, nor within the
23 immediate vicinity of schools, without being limited in the
24 administration of this subsection to any specific distance
25 requirements.

26 (3) The board shall have discretion to issue spirits, beer, and
27 wine restaurant licenses outside of cities and towns in the state of
28 Washington. The purpose of this subsection is to enable the board, in
29 its discretion, to license in areas outside of cities and towns and
30 other communities, establishments which are operated and maintained
31 primarily for the benefit of tourists, vacationers and travelers, and
32 also golf and country clubs, and common carriers operating dining,
33 club and buffet cars, or boats.

34 (4) The combined total number of spirits, beer, and wine
35 nightclub licenses, and spirits, beer, and wine restaurant licenses
36 issued in the state of Washington by the board, not including
37 spirits, beer, and wine private club licenses, shall not in the
38 aggregate at any time exceed one license for each one thousand two
39 hundred of population in the state, determined according to the

1 yearly population determination developed by the office of financial
2 management pursuant to RCW 43.62.030.

3 (5) Notwithstanding the provisions of subsection (4) of this
4 section, the board shall refuse a spirits, beer, and wine restaurant
5 license to any applicant if in the opinion of the board the spirits,
6 beer, and wine restaurant licenses already granted for the particular
7 locality are adequate for the reasonable needs of the community.

8 (6)(a) The board may issue a caterer's endorsement to this
9 license to allow the licensee to remove the liquor stocks at the
10 licensed premises, for use as liquor for sale and service at event
11 locations at a specified date and, except as provided in subsection
12 (7) of this section, place not currently licensed by the board. If
13 the event is open to the public, it must be sponsored by a society or
14 organization as defined by RCW 66.24.375. If attendance at the event
15 is limited to members or invited guests of the sponsoring individual,
16 society, or organization, the requirement that the sponsor must be a
17 society or organization as defined by RCW 66.24.375 is waived. Cost
18 of the endorsement is three hundred fifty dollars.

19 (b) The holder of this license with a catering endorsement shall,
20 if requested by the board, notify the board or its designee of the
21 date, time, place, and location of any catered event. Upon request,
22 the licensee shall provide to the board all necessary or requested
23 information concerning the society or organization that will be
24 holding the function at which the endorsed license will be utilized.

25 (c) The holder of this license with a caterer's endorsement may,
26 under conditions established by the board, store liquor on the
27 premises of another not licensed by the board so long as there is a
28 written agreement between the licensee and the other party to provide
29 for ongoing catering services, the agreement contains no exclusivity
30 clauses regarding the alcoholic beverages to be served, and the
31 agreement is filed with the board.

32 (d) The holder of this license with a caterer's endorsement may,
33 under conditions established by the board, store liquor on other
34 premises operated by the licensee so long as the other premises are
35 owned or controlled by a leasehold interest by that licensee. A
36 duplicate license may be issued for each additional premises. A
37 license fee of twenty dollars shall be required for such duplicate
38 licenses.

39 (7) Licensees under this section that hold a caterer's
40 endorsement are allowed to use this endorsement on a domestic winery

1 premises or on the premises of a passenger vessel and may store
2 liquor at such premises under conditions established by the board
3 under the following conditions:

4 (a) Agreements between the domestic winery or passenger vessel,
5 as the case may be, and the retail licensee shall be in writing,
6 contain no exclusivity clauses regarding the alcoholic beverages to
7 be served, and be filed with the board; and

8 (b) The domestic winery or passenger vessel, as the case may be,
9 and the retail licensee shall be separately contracted and
10 compensated by the persons sponsoring the event for their respective
11 services.

12 **Sec. 3.** RCW 66.24.590 and 2021 c 6 s 14 are each amended to read
13 as follows:

14 (1) There is a retailer's license to be designated as a hotel
15 license. No license may be issued to a hotel offering rooms to its
16 guests on an hourly basis. Food service provided for room service,
17 banquets or conferences, or restaurant operation under this license
18 must meet the requirements of rules adopted by the board.

19 (2) The hotel license authorizes the licensee to:

20 (a) Sell spirituous liquor, beer, and wine, by the individual
21 glass, at retail, for consumption on the premises, including mixed
22 drinks and cocktails compounded and mixed on the premises;

23 (b) Sell, at retail, from locked honor bars, in individual units,
24 spirits not to exceed fifty milliliters, beer in individual units not
25 to exceed twelve ounces, and wine in individual bottles not to exceed
26 three hundred eighty-five milliliters, to registered guests of the
27 hotel for consumption in guest rooms. The licensee must require proof
28 of age from the guest renting a guest room and requesting the use of
29 an honor bar. The guest must also execute an affidavit verifying that
30 no one under twenty-one years of age will have access to the spirits,
31 beer, and wine in the honor bar;

32 (c) Provide without additional charge, to overnight guests,
33 spirits, beer, and wine by the individual serving for on-premises
34 consumption at a specified regular date, time, and place as may be
35 fixed by the board. Self-service by attendees is prohibited;

36 (d) Sell beer, including strong beer, wine, or spirits, in the
37 manufacturer's sealed container or by the individual drink to guests
38 through room service, or through service to occupants of private

1 residential units which are part of the buildings or complex of
2 buildings that include the hotel;

3 (e) Sell beer, including strong beer, spirits, or wine, in the
4 manufacturer's sealed container at retail sales locations within the
5 hotel premises;

6 (f) Sell beer to a purchaser in a sanitary container brought to
7 the premises by the purchaser or furnished by the licensee and filled
8 at the tap in the restaurant area by the licensee at the time of
9 sale;

10 (g) Sell for on or off-premises consumption, including through
11 room service and service to occupants of private residential units
12 managed by the hotel, wine carrying a label exclusive to the hotel
13 license holder;

14 (h) Place in guest rooms at check-in, a complimentary bottle of
15 liquor in a manufacturer-sealed container, and make a reference to
16 this service in promotional material.

17 (3) If all or any facilities for alcoholic beverage service and
18 the preparation, cooking, and serving of food are operated under
19 contract or joint venture agreement, the operator may hold a license
20 separate from the license held by the operator of the hotel. Food and
21 beverage inventory used in separate licensed operations at the hotel
22 may not be shared and must be separately owned and stored by the
23 separate licensees.

24 (4) All spirits to be sold under this license must be purchased
25 from a spirits retailer or spirits distributor licensee of the board.

26 (5) All on-premises alcoholic beverage service must be done by an
27 alcohol server as defined in RCW 66.20.300 and must comply with RCW
28 66.20.310.

29 (6)(a) The hotel license allows the licensee to remove from the
30 liquor stocks at the licensed premises, liquor for sale and service
31 at event locations at a specified date and place not currently
32 licensed by the board. If the event is open to the public, it must be
33 sponsored by a society or organization as defined by RCW 66.24.375.
34 If attendance at the event is limited to members or invited guests of
35 the sponsoring individual, society, or organization, the requirement
36 that the sponsor must be a society or organization as defined by RCW
37 66.24.375 is waived.

38 (b) The holder of this license must, if requested by the board,
39 notify the board or its designee of the date, time, place, and
40 location of any event. Upon request, the licensee must provide to the

1 board all necessary or requested information concerning the society
2 or organization that will be holding the function at which the
3 endorsed license will be utilized.

4 (c) Licensees may cater events on a domestic winery, brewery, or
5 distillery premises.

6 (7) The holder of this license or its manager may furnish
7 spirits, beer, or wine to the licensee's employees who are twenty-one
8 years of age or older free of charge as may be required for use in
9 connection with instruction on spirits, beer, and wine. The
10 instruction may include the history, nature, values, and
11 characteristics of spirits, beer, or wine, the use of wine lists, and
12 the methods of presenting, serving, storing, and handling spirits,
13 beer, or wine. The licensee must use the liquor it obtains under its
14 license for the sampling as part of the instruction. The instruction
15 must be given on the premises of the licensee.

16 (8) Minors may be allowed in all areas of the hotel where liquor
17 may be consumed; however, the consumption must be incidental to the
18 primary use of the area. These areas include, but are not limited to,
19 tennis courts, hotel lobbies, and swimming pool areas. If an area is
20 not a mixed use area, and is primarily used for alcohol service, the
21 area must be designated and restricted to access by persons of lawful
22 age to purchase liquor.

23 (9) (a) The annual fee for this license is (~~two thousand~~
24 ~~dollars~~) \$1,000.

25 (b) The annual fee in (a) of this subsection is waived during the
26 12-month period beginning with the second calendar month after
27 February 28, 2021, for:

28 (i) Licenses that expire during the 12-month waiver period under
29 this subsection (9) (b); and

30 (ii) Licenses issued to persons previously licensed under this
31 section at any time during the 12-month period prior to the 12-month
32 waiver period under this subsection (9) (b).

33 (c) The waiver in (b) of this subsection does not apply to any
34 licensee that:

35 (i) Had their license suspended by the board for health and
36 safety violations of state COVID-19 guidelines; or

37 (ii) Received an order of immediate restraint or citation from
38 the department of labor and industries for allowing an employee to
39 perform work where business activity was prohibited in violation of
40 an emergency proclamation of the governor under RCW 43.06.220.

1 (d) Upon request of the department of revenue, the board and the
2 department of labor and industries must both provide a list of
3 persons that they have determined to be ineligible for a fee waiver
4 under (b) of this subsection for the reasons described in (c) of this
5 subsection. Unless otherwise agreed, any list must be received by the
6 department of revenue no later than 15 calendar days after the
7 request is made.

8 (10) As used in this section, "hotel," "spirits," "beer," and
9 "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

10 **Sec. 4.** RCW 66.24.600 and 2021 c 6 s 15 are each amended to read
11 as follows:

12 (1) There shall be a spirits, beer, and wine nightclub license to
13 sell spirituous liquor by the drink, beer, and wine at retail, for
14 consumption on the licensed premises.

15 (2) The license may be issued only to a person whose business
16 includes the sale and service of alcohol to the person's customers,
17 has food sales and service incidental to the sale and service of
18 alcohol, and has primary business hours between 9:00 p.m. and 2:00
19 a.m.

20 (3) Minors may be allowed on the licensed premises but only in
21 areas where alcohol is not served or consumed.

22 (4)(a) The annual fee for this license is (~~two thousand~~
23 ~~dollars~~) \$1,000. The fee for the license shall be reviewed from time
24 to time and set at such a level sufficient to defray the cost of
25 licensing and enforcing this licensing program. The fee shall be
26 fixed by rule adopted by the board in accordance with the provisions
27 of the administrative procedure act, chapter 34.05 RCW.

28 (b) The annual fee in (a) of this subsection is waived during the
29 12-month period beginning with the second calendar month after
30 February 28, 2021, for:

31 (i) Licenses that expire during the 12-month waiver period under
32 this subsection (4)(b); and

33 (ii) Licenses issued to persons previously licensed under this
34 section at any time during the 12-month period prior to the 12-month
35 waiver period under this subsection (4)(b).

36 (c) The waiver in (b) of this subsection does not apply to any
37 licensee that:

38 (i) Had their license suspended by the board for health and
39 safety violations of state COVID-19 guidelines; or

1 (ii) Received an order of immediate restraint or citation from
2 the department of labor and industries for allowing an employee to
3 perform work where business activity was prohibited in violation of
4 an emergency proclamation of the governor under RCW 43.06.220.

5 (d) Upon request of the department of revenue, the board and the
6 department of labor and industries must both provide a list of
7 persons that they have determined to be ineligible for a fee waiver
8 under (b) of this subsection for the reasons described in (c) of this
9 subsection. Unless otherwise agreed, any list must be received by the
10 department of revenue no later than 15 calendar days after the
11 request is made.

12 (5) Local governments may petition the board to request that
13 further restrictions be imposed on a spirits, beer, and wine
14 nightclub license in the interest of public safety. Examples of
15 further restrictions a local government may request are: No minors
16 allowed on the entire premises, submitting a security plan, or
17 signing a good neighbor agreement with the local government.

18 (6) The total number of spirits, beer, and wine nightclub
19 licenses are subject to the requirements of RCW 66.24.420(4).
20 However, the board shall refuse a spirits, beer, and wine nightclub
21 license to any applicant if the board determines that the spirits,
22 beer, and wine nightclub licenses already granted for the particular
23 locality are adequate for the reasonable needs of the community.

24 (7) The board may adopt rules to implement this section.

25 **Sec. 5.** RCW 66.24.655 and 2021 c 6 s 17 are each amended to read
26 as follows:

27 (1)(a) There is a theater license to sell spirits, beer,
28 including strong beer, or wine, or all, at retail, for consumption on
29 theater premises. A spirits, beer, and wine theater license may be
30 issued only to theaters that have no more than one hundred twenty
31 seats per screen and that are maintained in a substantial manner as a
32 place for preparing, cooking, and serving complete meals and
33 providing tabletop accommodations for in-theater dining. Requirements
34 for complete meals are the same as those adopted by the board in
35 rules pursuant to chapter 34.05 RCW for a spirits, beer, and wine
36 restaurant license authorized by RCW 66.24.400. The annual fee for a
37 spirits, beer, and wine theater license is (~~two thousand dollars~~)
38 \$1,000.

1 (b) The annual fee in (a) of this subsection is waived during the
2 12-month period beginning with the second calendar month after
3 February 28, 2021, for:

4 (i) Licenses that expire during the 12-month waiver period under
5 this subsection (1)(b); and

6 (ii) Licenses issued to persons previously licensed under this
7 section at any time during the 12-month period prior to the 12-month
8 waiver period under this subsection (1)(b).

9 (c) The waiver in (b) of this subsection does not apply to any
10 licensee that:

11 (i) Had their license suspended by the board for health and
12 safety violations of state COVID-19 guidelines; or

13 (ii) Received an order of immediate restraint or citation from
14 the department of labor and industries for allowing an employee to
15 perform work where business activity was prohibited in violation of
16 an emergency proclamation of the governor under RCW 43.06.220.

17 (d) Upon request of the department of revenue, the board and the
18 department of labor and industries must both provide a list of
19 persons that they have determined to be ineligible for a fee waiver
20 under (b) of this subsection for the reasons described in (c) of this
21 subsection. Unless otherwise agreed, any list must be received by the
22 department of revenue no later than 15 calendar days after the
23 request is made.

24 (2) If the theater premises is to be frequented by minors, an
25 alcohol control plan must be submitted to the board at the time of
26 application. The alcohol control plan must be approved by the board
27 and be prominently posted on the premises, prior to minors being
28 allowed.

29 (3) For the purposes of this section:

30 (a) "Alcohol control plan" means a written, dated, and signed
31 plan submitted to the board by an applicant or licensee for the
32 entire theater premises, or rooms or areas therein, that shows where
33 and when alcohol is permitted, where and when minors are permitted,
34 and the control measures used to ensure that minors are not able to
35 obtain alcohol or be exposed to environments where drinking alcohol
36 predominates.

37 (b) "Theater" means a place of business where motion pictures or
38 other primarily nonparticipatory entertainment are shown.

39 (4) The board must adopt rules regarding alcohol control plans
40 and necessary control measures to ensure that minors are not able to

1 obtain alcohol or be exposed to areas where drinking alcohol
2 predominates. All alcohol control plans must include a requirement
3 that any person involved in the serving of spirits, beer, and/or wine
4 must have completed a mandatory alcohol server training program.

5 (5) (a) A licensee that is an entity that is exempt from taxation
6 under Title 26 U.S.C. Sec. 501(c) (3) of the federal internal revenue
7 code of 1986, as amended as of January 1, 2013, may enter into
8 arrangements with a spirits, beer, or wine manufacturer, importer, or
9 distributor for brand advertising at the theater or promotion of
10 events held at the theater. The financial arrangements providing for
11 the brand advertising or promotion of events may not be used as an
12 inducement to purchase the products of the manufacturer, importer, or
13 distributor entering into the arrangement and such arrangements may
14 not result in the exclusion of brands or products of other companies.

15 (b) The arrangements allowed under this subsection (5) are an
16 exception to arrangements prohibited under RCW 66.28.305. The board
17 must monitor the impacts of these arrangements. The board may conduct
18 audits of a licensee and the affiliated business to determine
19 compliance with this subsection (5). Audits may include, but are not
20 limited to: Product selection at the facility; purchase patterns of
21 the licensee; contracts with the spirits, beer, or wine manufacturer,
22 importer, or distributor; and the amount allocated or used for
23 spirits, beer, or wine advertising by the licensee, affiliated
24 business, manufacturer, importer, or distributor under the
25 arrangements.

26 (6) The maximum penalties prescribed by the board in WAC
27 314-29-020 relating to fines and suspensions are double for
28 violations involving minors or the failure to follow the alcohol
29 control plan with respect to theaters licensed under this section.

30 **Sec. 6.** RCW 66.24.690 and 2021 c 6 s 19 are each amended to read
31 as follows:

32 (1) There shall be a caterer's license to sell spirits, beer, and
33 wine, by the individual serving, at retail, for consumption on the
34 premises at an event location that is either owned, leased, or
35 operated either by the caterer or the sponsor of the event for which
36 catering services are being provided. If the event is open to the
37 public, it must be sponsored by a society or organization as defined
38 in RCW 66.24.375. If attendance at the event is limited to members or
39 invited guests of the sponsoring individual, society, or

1 organization, the requirement that the sponsor must be a society or
2 organization as defined in RCW 66.24.375 is waived. The licensee must
3 serve food as required by rules of the board.

4 (2)(a) The annual fee is two hundred dollars for the beer
5 license, two hundred dollars for the wine license, or four hundred
6 dollars for a combination beer and wine license. The annual fee for a
7 combined beer, wine, and spirits license is (~~one thousand dollars~~)
8 \$500.

9 (b) The annual fees in (a) of this subsection are waived during
10 the 12-month period beginning with the second calendar month after
11 February 28, 2021, for:

12 (i) Licenses that expire during the 12-month waiver period under
13 this subsection (2)(b); and

14 (ii) Licenses issued to persons previously licensed under this
15 section at any time during the 12-month period prior to the 12-month
16 waiver period under this subsection (2)(b).

17 (c) The waivers in (b) of this subsection do not apply to any
18 licensee that:

19 (i) Had their license suspended by the board for health and
20 safety violations of state COVID-19 guidelines; or

21 (ii) Received an order of immediate restraint or citation from
22 the department of labor and industries for allowing an employee to
23 perform work where business activity was prohibited in violation of
24 an emergency proclamation of the governor under RCW 43.06.220.

25 (d) Upon request of the department of revenue, the board and the
26 department of labor and industries must both provide a list of
27 persons that they have determined to be ineligible for a fee waiver
28 under (b) of this subsection for the reasons described in (c) of this
29 subsection. Unless otherwise agreed, any list must be received by the
30 department of revenue no later than 15 calendar days after the
31 request is made.

32 (3) The holder of this license shall notify the board or its
33 designee of the date, time, place, and location of any catered event
34 at which liquor will be served, sold, or consumed. The board shall
35 create rules detailing notification requirements. Upon request, the
36 licensee shall provide to the board all necessary or requested
37 information concerning the individual, society, or organization that
38 will be holding the catered function at which the caterer's liquor
39 license will be utilized.

1 (4) The holder of this license may, under conditions established
2 by the board, store liquor on other premises operated by the licensee
3 so long as the other premises are owned or controlled by a leasehold
4 interest by that licensee.

5 (5) The holder of this license is prohibited from catering events
6 at locations that are already licensed to sell liquor under this
7 chapter.

8 (6) The holder of this license is responsible for all sales,
9 service, and consumption of alcohol at the location of the catered
10 event.

11 **Sec. 7.** RCW 66.24.140 and 2021 c 6 s 1 are each amended to read
12 as follows:

13 (1) There is a license to distillers, including blending,
14 rectifying, and bottling; fee (~~((two thousand dollars))~~) \$1,000 per
15 annum, unless provided otherwise as follows:

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

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

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

26 (d) The board must license stills that have been duly licensed as
27 fruit and/or wine distilleries by the federal government, used and to
28 be used solely as fruit and/or wine distilleries in the production of
29 fruit brandy and wine spirits, at a fee of two hundred dollars per
30 annum;

31 (e) The annual fees in this subsection (1) are waived during the
32 12-month period beginning with the second calendar month after
33 February 28, 2021, for:

34 (i) Licenses that expire during the 12-month waiver period under
35 this subsection (1) (e); and

36 (ii) Licenses issued to persons previously licensed under this
37 section at any time during the 12-month period prior to the 12-month
38 waiver period under this subsection (1) (e);

1 (f) The waivers in (e) of this subsection do not apply to any
2 licensee that:

3 (i) Had their license suspended by the board for health and
4 safety violations of state COVID-19 guidelines; or

5 (ii) Received an order of immediate restraint or citation from
6 the department of labor and industries for allowing an employee to
7 perform work where business activity was prohibited in violation of
8 an emergency proclamation of the governor under RCW 43.06.220; and

9 (g) Upon request of the department of revenue, the board and the
10 department of labor and industries must both provide a list of
11 persons that they have determined to be ineligible for a fee waiver
12 under (e) of this subsection for the reasons described in (f) of this
13 subsection. Unless otherwise agreed, any list must be received by the
14 department of revenue no later than 15 calendar days after the
15 request is made.

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

17 (a) Sell, for off-premises consumption, spirits of the
18 distillery's own production, spirits produced by another distillery
19 or craft distillery licensed in this state, or vermouth or sparkling
20 wine products produced by a licensee in this state. A distillery
21 selling spirits or other alcohol authorized under this subsection
22 must comply with the applicable laws and rules relating to retailers
23 for those products;

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

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

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

38 (ii) A distillery may sell, for on-premises consumption, servings
39 of spirits of the distillery's own production or spirits produced by
40 another distillery or craft distillery licensed in this state, which

1 must be adulterated with water, ice, other alcohol entitled to be
2 sold or served on the licensed premises, or nonalcoholic mixers if
3 the revenue derived from the sale of spirits for on-premises
4 consumption under this subsection (2)(c)(ii) does not comprise more
5 than thirty percent of the overall gross revenue earned in the
6 tasting room during the calendar year. Any distiller who sells
7 adulterated products under this subsection, must file an annual
8 report with the board that summarizes the distiller's revenue
9 sources; and

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

13 (3)(a) If a distillery provides or sells spirits or other alcohol
14 products authorized to be sold or provided to customers for on-
15 premises or off-premises consumption that are produced by another
16 distillery, craft distillery, or licensee in this state, then at any
17 one time no more than twenty-five percent of the alcohol stock-
18 keeping units offered or sold by the distillery at its distillery
19 premises and at any off-site tasting rooms licensed under RCW
20 66.24.146 may be vermouth, sparkling wine, or spirits made by another
21 distillery, craft distillery, or licensee in this state. If a
22 distillery sells fewer than twenty alcohol stock-keeping units of
23 products of its own production, it may sell up to five alcohol stock-
24 keeping units of vermouth, sparkling wine, or spirits produced by
25 another distillery, craft distillery, or licensee in this state.

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

30 (c)(i) No person under twenty-one years of age may be on the
31 premises of a distillery tasting room, including an off-site tasting
32 room licensed under RCW 66.24.146, unless they are accompanied by
33 their parent or legal guardian.

34 (ii) Every distillery tasting room, including the off-site
35 tasting rooms licensed under RCW 66.24.146, where alcohol is sampled,
36 sold, or served, must include a designated area where persons under
37 twenty-one years of age are allowed to enter. Such location may be in
38 a separate room or a designated area within the tasting room
39 separated from the remainder of the tasting room space as authorized
40 by the board.

1 (iii) Except for (c)(iv) of this subsection, or an event where a
2 private party has secured a private banquet permit, no person under
3 twenty-one years of age may be on the distillery premises, or the
4 off-site tasting rooms licensed under RCW 66.24.146, past 9:00 p.m.

5 (iv) Notwithstanding the limitations of (c)(iii) of this
6 subsection, persons under twenty-one years of age who are children of
7 owners, operators, or managers of a distillery or an off-site tasting
8 room licensed under RCW 66.24.146, may be in any area of a
9 distillery, tasting room, or an off-site tasting room licensed under
10 RCW 66.24.146, provided they must be under the direct supervision of
11 their parent or legal guardian while on the premises.

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

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

16 **Sec. 8.** RCW 66.24.146 and 2021 c 6 s 2 are each amended to read
17 as follows:

18 (1) There is a tasting room license available to distillery and
19 craft distillery licensees. A tasting room license authorizes the
20 operation of an off-site tasting room, in addition to a tasting room
21 attached to the distillery's or craft distillery's production
22 facility, at which the licensee may sample, serve, and sell spirits
23 and alcohol products authorized to be sampled, served, and sold under
24 RCW 66.24.140 and 66.24.145, for on-premises and off-premises
25 consumption, subject to the same limitations as provided in RCW
26 66.24.140 and 66.24.145.

27 (2)(a) A distillery or craft distillery licensed production
28 facility is eligible for no more than two off-site tasting room
29 licenses located in this state, which may be indoors, or outdoors or
30 a combination thereof, and which shall be administratively tied to a
31 licensed production facility. A separate license is required for the
32 operation of each off-site tasting room. The fee for each off-site
33 tasting room license is (~~two thousand dollars~~) \$1,000 per annum. No
34 additional license is required for a distillery or craft distillery
35 to sample, serve, and sell spirits and alcohol to customers in a
36 tasting room on the distillery or craft distillery premises as
37 authorized under this section, RCW 66.24.1472, 66.24.140, 66.24.145,
38 66.28.040, 66.24.630, and 66.28.310. Off-site tasting rooms may have
39 a section identified and segregated as federally bonded spaces for

1 the storage of bulk or packaged spirits. Product of the licensee's
2 production may be bottled or packaged in the space.

3 (b) The annual fee in (a) of this subsection is waived during the
4 12-month period beginning with the second calendar month after
5 February 28, 2021, for:

6 (i) Licenses that expire during the 12-month waiver period under
7 this subsection (2)(b); and

8 (ii) Licenses issued to persons previously licensed under this
9 section at any time during the 12-month period prior to the 12-month
10 waiver period under this subsection (2)(b).

11 (c) The waiver in (b) of this subsection does not apply to any
12 licensee that:

13 (i) Had their license suspended by the board for health and
14 safety violations of state COVID-19 guidelines; or

15 (ii) Received an order of immediate restraint or citation from
16 the department of labor and industries for allowing an employee to
17 perform work where business activity was prohibited in violation of
18 an emergency proclamation of the governor under RCW 43.06.220.

19 (d) Upon request of the department of revenue, the board and the
20 department of labor and industries must both provide a list of
21 persons that they have determined to be ineligible for a fee waiver
22 under (b) of this subsection for the reasons described in (c) of this
23 subsection. Unless otherwise agreed, any list must be received by the
24 department of revenue no later than 15 calendar days after the
25 request is made.

26 NEW SECTION. **Sec. 9.** Sections 2 through 8 this act expire
27 December 31, 2023.

28 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of
30 the state government and its existing public institutions, and takes
31 effect April 1, 2022."

3SHB 1359 - S COMM AMD

By Committee on Labor, Commerce & Tribal Affairs

OUT OF ORDER 03/10/2022

1 On page 1, line 1 of the title, after "fees;" strike the
2 remainder of the title and insert "amending RCW 66.24.420, 66.24.590,
3 66.24.600, 66.24.655, 66.24.690, 66.24.140, and 66.24.146; creating a
4 new section; providing an effective date; providing an expiration
5 date; and declaring an emergency."

EFFECT: Changes the bill's effective date to April 1, 2022, from
May 1, 2022.

--- END ---