

RCW 66.24.695 Bonded and nonbonded spirits warehouse license.

(1) There shall be a bonded and nonbonded spirits warehouse license for spirits warehouses that authorizes the storage and handling of bonded bulk spirits and, to the extent allowed under federal law and under rules adopted by the board, bottled spirits and the storage of tax-paid spirits not in bond. Under this license a licensee may maintain a warehouse for the storage of federally authorized spirits off the premises of a distillery for distillers qualified under RCW 66.24.140, 66.24.145, or 66.24.150, or entities otherwise licensed and permitted in this state, or bulk spirits transferred in bond from out-of-state distilleries and, to the extent allowed by federal law and under rules adopted by the board, bottled spirits, if the storage of the federally authorized spirits transferred into the state is for storage only and not for processing or bottling in the bonded spirits warehouse. A licensee must designate clearly in its license application to the board the sections of the warehouse that are bonded and nonbonded with a physical separation between such spaces. Only spirits in bond may be stored in the bonded sections of the warehouse and only spirits that have been removed from bond tax-paid may be stored in nonbonded areas of the warehouse. The proprietor of the warehouse must maintain a plan for tracking spirits being stored in the warehouse to ensure compliance with relevant bonding and tax obligations.

(2) The board must adopt similar qualifications for a spirits warehouse licensed under this section as required for obtaining a distillery license as specified in RCW 66.24.140, 66.24.145, and 66.24.150. A licensee must be a sole proprietor, a partnership, a limited liability company, a corporation, a port authority, a city, a county, or any other public entity or subdivision of the state that elects to license a bonded spirits warehouse as an agricultural or economic development activity. One or more domestic distilleries or manufacturers may operate as a partnership, corporation, business co-op, cotenant, or agricultural co-op for the purpose of obtaining a bonded and nonbonded spirits warehouse license or storing spirits in the facility under a common management and oversight agreement free of charge or for a fee.

(3) Spirits in bond may be removed from a bonded spirits warehouse for the purpose of being:

(a) Exported from the state;

(b) Returned to a distillery or spirits warehouse licensed under this section; or

(c) Transferred to a distillery, spirits warehouse licensed under this section, or a licensed bottling or packaging facility.

(4) Bottled spirits that are being removed from a spirits warehouse licensed under this section tax-paid may be:

(a) Transferred back to the distillery that produced them;

(b) Shipped to a licensed Washington spirits distributor;

(c) Shipped to a licensed Washington spirits retailer;

(d) Exported from the state; or

(e) Removed for direct shipping to a consumer pursuant to RCW 66.20.410.

(5) The ownership and operation of a spirits warehouse facility licensed under this section may be by a person or entity other than those described in this section acting in a commercial warehouse management position under contract for such licensed persons or entities on their behalf.

(6) A license applicant must demonstrate the right to have warehoused spirits under a valid federal permit held by a licensee who maintains ownership and title to the spirits while they are in storage in the spirits warehouse licensed under this section. The fee for this license is one hundred dollars per year.

(7) The board must adopt rules requiring a spirits warehouse licensed under this section to be physically secure, zoned for the intended use, and physically separated from any other use.

(8) The operator or licensee operating a spirits warehouse licensed under this section must submit to the board a monthly report of movement of spirits to and from a warehouse licensed under this section in a form prescribed by the board. The board may adopt other necessary procedures by which such warehouses are licensed and regulated.

(9) The board may require a single annual permit valid for a full calendar year issued to each licensee or entity warehousing spirits under this section that allows for unlimited transfers to and from such warehouse within that year. The fee for this permit is one hundred dollars per year.

(10) Handling of bottled spirits that have been removed from bond tax-paid and that reside in the spirits warehouse licensed under this section includes packaging and repackaging services; bottle labeling services; creating baskets or variety packs that may or may not include nonspirits products; and picking, packing, and shipping spirits orders on behalf of a licensed distillery direct to consumers in accordance with RCW 66.20.410. A distillery contracting with the operator of a spirits warehouse licensed under this section for handling bottled spirits must comply with all applicable state and federal laws and is responsible for financial transactions in direct to consumer shipping activities. [2017 c 229 s 1.]