
SUBSTITUTE HOUSE BILL 2790

State of Washington **61st Legislature** **2010 Regular Session**

By House Commerce & Labor (originally sponsored by Representative Conway)

READ FIRST TIME 01/29/10.

1 AN ACT Relating to making technical and clarifying changes to the
2 liquor laws; amending RCW 66.28.290, 66.24.360, 66.24.360, 66.24.371,
3 66.24.570, 66.24.580, 66.24.580, 66.28.040, 66.28.042, 66.28.043,
4 66.28.155, 66.28.190, 66.24.240, and 66.20.010; reenacting and amending
5 RCW 66.24.371; repealing RCW 66.28.010; providing an effective date;
6 and providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** RCW 66.28.010 (Manufacturers, importers,
9 distributors, and authorized representatives barred from interest in
10 retail business or location--Advances prohibited--"Financial interest"
11 defined--Exceptions) and 2009 c 373 s 5 & 2008 c 94 s 5 are each
12 repealed.

13 **Sec. 2.** RCW 66.28.290 and 2009 c 506 s 3 are each amended to read
14 as follows:

15 (1) Notwithstanding any prohibitions and restrictions contained in
16 this title, it shall be lawful for an industry member or affiliate to
17 have a direct or indirect financial interest in another industry member
18 or a retailer, and for a retailer or affiliate to have a direct or

1 indirect financial interest in an industry member unless such interest
2 has resulted or is more likely than not to result in undue influence
3 over the retailer or the industry member or has resulted or is more
4 likely than not to result in an adverse impact on public health and
5 safety. The structure of any such financial interest must be
6 consistent with subsection (2) of this section.

7 (2) Subject to subsection (1) of this section and except as
8 provided in RCW 66.28.295:

9 (a) An industry member in whose name a license or certificate of
10 approval has been issued pursuant to this title may wholly own or hold
11 a financial interest in a separate legal entity licensed pursuant to
12 RCW 66.24.320 (~~(through 66.24.570)~~), 66.24.330, 66.24.350, 66.24.360,
13 66.24.371, 66.24.380, 66.24.395, 66.24.400, 66.24.425, 66.24.452,
14 66.24.495, 66.24.540, 66.24.550, 66.24.570, 66.24.580, 66.24.590, and
15 66.24.600, but may not have such a license issued in its name; and

16 (b) A retailer in whose name a license has been issued pursuant to
17 this title may wholly own or hold a financial interest in a separate
18 legal entity licensed or holding a certificate of approval pursuant to
19 RCW 66.24.140, 66.24.170, 66.24.206, 66.24.240, 66.24.244,
20 66.24.270(2), 66.24.200, or 66.24.250, but may not have such a license
21 or certificate of approval issued in its name; and

22 (c) A supplier in whose name a license or certificate of approval
23 has been issued pursuant to this title may wholly own or hold a
24 financial interest in a separate legal entity licensed as a distributor
25 or importer under this title, but such supplier may not have a license
26 as a distributor or importer issued in its own name; and

27 (d) A distributor or importer in whose name a license has been
28 issued pursuant to this title may wholly own or hold a financial
29 interest in a separate legal entity licensed or holding a certificate
30 of approval as a supplier under this title, but such distributor or
31 importer may not have a license or certificate of approval as a
32 supplier issued in its own name.

33 **Sec. 3.** RCW 66.24.360 and 2009 c 507 s 5 are each amended to read
34 as follows:

35 There shall be a beer and/or wine retailer's license to be
36 designated as a grocery store license to sell beer, strong beer, and/or

1 wine at retail in bottles, cans, and original containers, not to be
2 consumed upon the premises where sold, at any store other than the
3 state liquor stores.

4 (1) Licensees obtaining a written endorsement from the board may
5 also sell malt liquor in kegs or other containers capable of holding
6 less than five and one-half gallons of liquid.

7 (2) The annual fee for the grocery store license is one hundred
8 sixty-six dollars for each store.

9 (3) The board shall issue a restricted grocery store license
10 authorizing the licensee to sell beer and only table wine, if the board
11 finds upon issuance or renewal of the license that the sale of strong
12 beer or fortified wine would be against the public interest. In
13 determining the public interest, the board shall consider at least the
14 following factors:

15 (a) The likelihood that the applicant will sell strong beer or
16 fortified wine to persons who are intoxicated;

17 (b) Law enforcement problems in the vicinity of the applicant's
18 establishment that may arise from persons purchasing strong beer or
19 fortified wine at the establishment; and

20 (c) Whether the sale of strong beer or fortified wine would be
21 detrimental to or inconsistent with a government-operated or funded
22 alcohol treatment or detoxification program in the area.

23 If the board receives no evidence or objection that the sale of
24 strong beer or fortified wine would be against the public interest, it
25 shall issue or renew the license without restriction, as applicable.
26 The burden of establishing that the sale of strong beer or fortified
27 wine by the licensee would be against the public interest is on those
28 persons objecting.

29 (4) Licensees holding a grocery store license must maintain a
30 minimum three thousand dollar inventory of food products for human
31 consumption, not including pop, beer, strong beer, or wine.

32 (5) Upon approval by the board, the grocery store licensee may also
33 receive an endorsement to permit the international export of beer,
34 strong beer, and wine.

35 (a) Any beer, strong beer, or wine sold under this endorsement must
36 have been purchased from a licensed beer or wine distributor licensed
37 to do business within the state of Washington.

1 (b) Any beer, strong beer, and wine sold under this endorsement
2 must be intended for consumption outside the state of Washington and
3 the United States and appropriate records must be maintained by the
4 licensee.

5 ~~((A holder of this special endorsement to the grocery store
6 license shall be considered not in violation of RCW 66.28.010.~~

7 ~~(d))~~ Any beer, strong beer, or wine sold under this license must
8 be sold at a price no less than the acquisition price paid by the
9 holder of the license.

10 ~~((e))~~ (d) The annual cost of this endorsement is five hundred
11 fifty-three dollars and is in addition to the license fees paid by the
12 licensee for a grocery store license.

13 (6) A grocery store licensee holding a snack bar license under RCW
14 66.24.350 may receive an endorsement to allow the sale of confections
15 containing more than one percent but not more than ten percent alcohol
16 by weight to persons twenty-one years of age or older.

17 **Sec. 4.** RCW 66.24.360 and 2007 c 226 s 2 are each amended to read
18 as follows:

19 There shall be a beer and/or wine retailer's license to be
20 designated as a grocery store license to sell beer, strong beer, and/or
21 wine at retail in bottles, cans, and original containers, not to be
22 consumed upon the premises where sold, at any store other than the
23 state liquor stores.

24 (1) Licensees obtaining a written endorsement from the board may
25 also sell malt liquor in kegs or other containers capable of holding
26 less than five and one-half gallons of liquid.

27 (2) The annual fee for the grocery store license is one hundred
28 fifty dollars for each store.

29 (3) The board shall issue a restricted grocery store license
30 authorizing the licensee to sell beer and only table wine, if the board
31 finds upon issuance or renewal of the license that the sale of strong
32 beer or fortified wine would be against the public interest. In
33 determining the public interest, the board shall consider at least the
34 following factors:

35 (a) The likelihood that the applicant will sell strong beer or
36 fortified wine to persons who are intoxicated;

1 (b) Law enforcement problems in the vicinity of the applicant's
2 establishment that may arise from persons purchasing strong beer or
3 fortified wine at the establishment; and

4 (c) Whether the sale of strong beer or fortified wine would be
5 detrimental to or inconsistent with a government-operated or funded
6 alcohol treatment or detoxification program in the area.

7 If the board receives no evidence or objection that the sale of
8 strong beer or fortified wine would be against the public interest, it
9 shall issue or renew the license without restriction, as applicable.
10 The burden of establishing that the sale of strong beer or fortified
11 wine by the licensee would be against the public interest is on those
12 persons objecting.

13 (4) Licensees holding a grocery store license must maintain a
14 minimum three thousand dollar inventory of food products for human
15 consumption, not including pop, beer, strong beer, or wine.

16 (5) Upon approval by the board, the grocery store licensee may also
17 receive an endorsement to permit the international export of beer,
18 strong beer, and wine.

19 (a) Any beer, strong beer, or wine sold under this endorsement must
20 have been purchased from a licensed beer or wine distributor licensed
21 to do business within the state of Washington.

22 (b) Any beer, strong beer, and wine sold under this endorsement
23 must be intended for consumption outside the state of Washington and
24 the United States and appropriate records must be maintained by the
25 licensee.

26 ~~(c) ((A holder of this special endorsement to the grocery store
27 license shall be considered not in violation of RCW 66.28.010.~~

28 ~~(d))~~ Any beer, strong beer, or wine sold under this license must
29 be sold at a price no less than the acquisition price paid by the
30 holder of the license.

31 ~~((e))~~ (d) The annual cost of this endorsement is five hundred
32 dollars and is in addition to the license fees paid by the licensee for
33 a grocery store license.

34 (6) A grocery store licensee holding a snack bar license under RCW
35 66.24.350 may receive an endorsement to allow the sale of confections
36 containing more than one percent but not more than ten percent alcohol
37 by weight to persons twenty-one years of age or older.

1 **Sec. 5.** RCW 66.24.371 and 2009 c 507 s 6 and 2009 c 373 s 6 are
2 each reenacted and amended to read as follows:

3 (1) There shall be a beer and/or wine retailer's license to be
4 designated as a beer and/or wine specialty shop license to sell beer,
5 strong beer, and/or wine at retail in bottles, cans, and original
6 containers, not to be consumed upon the premises where sold, at any
7 store other than the state liquor stores. Licensees obtaining a
8 written endorsement from the board may also sell malt liquor in kegs or
9 other containers capable of holding four gallons or more of liquid.
10 The annual fee for the beer and/or wine specialty shop license is one
11 hundred eleven dollars for each store. The sale of any container
12 holding four gallons or more must comply with RCW 66.28.200 and
13 66.28.220.

14 (2) Licensees under this section may provide, free or for a charge,
15 single-serving samples of two ounces or less to customers for the
16 purpose of sales promotion. Sampling activities of licensees under
17 this section are subject to RCW ((~~66.28.010~~)) 66.28.305 and 66.28.040
18 and the cost of sampling under this section may not be borne, directly
19 or indirectly, by any manufacturer, importer, or distributor of liquor.

20 (3) The board shall issue a restricted beer and/or wine specialty
21 shop license, authorizing the licensee to sell beer and only table
22 wine, if the board finds upon issuance or renewal of the license that
23 the sale of strong beer or fortified wine would be against the public
24 interest. In determining the public interest, the board shall consider
25 at least the following factors:

26 (a) The likelihood that the applicant will sell strong beer or
27 fortified wine to persons who are intoxicated;

28 (b) Law enforcement problems in the vicinity of the applicant's
29 establishment that may arise from persons purchasing strong beer or
30 fortified wine at the establishment; and

31 (c) Whether the sale of strong beer or fortified wine would be
32 detrimental to or inconsistent with a government-operated or funded
33 alcohol treatment or detoxification program in the area.

34 If the board receives no evidence or objection that the sale of
35 strong beer or fortified wine would be against the public interest, it
36 shall issue or renew the license without restriction, as applicable.
37 The burden of establishing that the sale of strong beer or fortified

1 wine by the licensee would be against the public interest is on those
2 persons objecting.

3 (4) Licensees holding a beer and/or wine specialty shop license
4 must maintain a minimum three thousand dollar wholesale inventory of
5 beer, strong beer, and/or wine.

6 **Sec. 6.** RCW 66.24.371 and 2009 c 373 s 6 are each amended to read
7 as follows:

8 (1) There shall be a beer and/or wine retailer's license to be
9 designated as a beer and/or wine specialty shop license to sell beer,
10 strong beer, and/or wine at retail in bottles, cans, and original
11 containers, not to be consumed upon the premises where sold, at any
12 store other than the state liquor stores. Licensees obtaining a
13 written endorsement from the board may also sell malt liquor in kegs or
14 other containers capable of holding four gallons or more of liquid.
15 The annual fee for the beer and/or wine specialty shop license is one
16 hundred dollars for each store. The sale of any container holding four
17 gallons or more must comply with RCW 66.28.200 and 66.28.220.

18 (2) Licensees under this section may provide, free or for a charge,
19 single-serving samples of two ounces or less to customers for the
20 purpose of sales promotion. Sampling activities of licensees under
21 this section are subject to RCW (~~66.28.010~~) 66.28.305 and 66.28.040
22 and the cost of sampling under this section may not be borne, directly
23 or indirectly, by any manufacturer, importer, or distributor of liquor.

24 (3) The board shall issue a restricted beer and/or wine specialty
25 shop license, authorizing the licensee to sell beer and only table
26 wine, if the board finds upon issuance or renewal of the license that
27 the sale of strong beer or fortified wine would be against the public
28 interest. In determining the public interest, the board shall consider
29 at least the following factors:

30 (a) The likelihood that the applicant will sell strong beer or
31 fortified wine to persons who are intoxicated;

32 (b) Law enforcement problems in the vicinity of the applicant's
33 establishment that may arise from persons purchasing strong beer or
34 fortified wine at the establishment; and

35 (c) Whether the sale of strong beer or fortified wine would be
36 detrimental to or inconsistent with a government-operated or funded
37 alcohol treatment or detoxification program in the area.

1 If the board receives no evidence or objection that the sale of
2 strong beer or fortified wine would be against the public interest, it
3 shall issue or renew the license without restriction, as applicable.
4 The burden of establishing that the sale of strong beer or fortified
5 wine by the licensee would be against the public interest is on those
6 persons objecting.

7 (4) Licensees holding a beer and/or wine specialty shop license
8 must maintain a minimum three thousand dollar wholesale inventory of
9 beer, strong beer, and/or wine.

10 **Sec. 7.** RCW 66.24.570 and 2007 c 369 s 2 are each amended to read
11 as follows:

12 (1) There is a license for sports entertainment facilities to be
13 designated as a sports entertainment facility license to sell beer,
14 wine, and spirits at retail, for consumption upon the premises only,
15 the license to be issued to the entity providing food and beverage
16 service at a sports entertainment facility as defined in this section.
17 The cost of the license is two thousand five hundred dollars per annum.

18 (2) For purposes of this section, a sports entertainment facility
19 includes a publicly or privately owned arena, coliseum, stadium, or
20 facility where sporting events are presented for a price of admission.
21 The facility does not have to be exclusively used for sporting events.

22 (3) The board may impose reasonable requirements upon a licensee
23 under this section, such as requirements for the availability of food
24 and victuals including but not limited to hamburgers, sandwiches,
25 salads, or other snack food. The board may also restrict the type of
26 events at a sports entertainment facility at which beer, wine, and
27 spirits may be served. When imposing conditions for a licensee, the
28 board must consider the seating accommodations, eating facilities, and
29 circulation patterns in such a facility, and other amenities available
30 at a sports entertainment facility.

31 (4)(a) The board may issue a caterer's endorsement to the license
32 under this section to allow the licensee to remove from the liquor
33 stocks at the licensed premises, for use as liquor for sale and service
34 at event locations at a specified date and place not currently licensed
35 by the board. If the event is open to the public, it must be sponsored
36 by a society or organization as defined by RCW 66.24.375. If
37 attendance at the event is limited to members or invited guests of the

1 sponsoring individual, society, or organization, the requirement that
2 the sponsor must be a society or organization as defined by RCW
3 66.24.375 is waived. Cost of the endorsement is three hundred fifty
4 dollars.

5 (b) The holder of this license with catering endorsement shall, if
6 requested by the board, notify the board or its designee of the date,
7 time, place, and location of any catered event. Upon request, the
8 licensee shall provide to the board all necessary or requested
9 information concerning the society or organization that will be holding
10 the function at which the endorsed license will be utilized.

11 (5) The board may issue an endorsement to the beer, wine, and
12 spirits sports entertainment facility license that allows the holder of
13 a beer, wine, and spirits sports entertainment facility license to sell
14 for off-premises consumption wine vinted and bottled in the state of
15 Washington and carrying a label exclusive to the license holder selling
16 the wine. Spirits and beer may not be sold for off-premises
17 consumption under this section. The annual fee for the endorsement
18 under this section is one hundred twenty dollars.

19 (6)(a) A licensee and an affiliated business may enter into
20 arrangements with a manufacturer, importer, or distributor for brand
21 advertising at the sports entertainment facility or promotion of events
22 held at the sports entertainment facility, with a capacity of five
23 thousand people or more. The financial arrangements providing for the
24 brand advertising or promotion of events shall not be used as an
25 inducement to purchase the products of the manufacturer, importer, or
26 distributor entering into the arrangement nor shall it result in the
27 exclusion of brands or products of other companies.

28 (b) The arrangements allowed under this subsection (6) are an
29 exception to arrangements prohibited under RCW (~~66.28.010~~) 66.28.305.
30 The board shall monitor the impacts of these arrangements. The board
31 may conduct audits of the licensee and the affiliated business to
32 determine compliance with this subsection (6). Audits may include but
33 are not limited to product selection at the facility; purchase patterns
34 of the licensee; contracts with the liquor manufacturer, importer, or
35 distributor; and the amount allocated or used for liquor advertising by
36 the licensee, affiliated business, manufacturer, importer, or
37 distributor under the arrangements.

1 (c) The board shall report to the appropriate committees of the
2 legislature by December 30, 2008, and biennially thereafter, on the
3 impacts of arrangements allowed between sports entertainment licensees
4 and liquor manufacturers, importers, and distributors for brand
5 advertising and promotion of events at the facility.

6 **Sec. 8.** RCW 66.24.580 and 2009 c 507 s 13 are each amended to read
7 as follows:

8 (1) A public house license allows the licensee:

9 (a) To annually manufacture no less than two hundred fifty gallons
10 and no more than two thousand four hundred barrels of beer on the
11 licensed premises;

12 (b) To sell product, that is produced on the licensed premises, at
13 retail on the licensed premises for consumption on the licensed
14 premises;

15 (c) To sell beer or wine not of its own manufacture for consumption
16 on the licensed premises if the beer or wine has been purchased from a
17 licensed beer or wine wholesaler;

18 ~~(d) ((To hold other classes of retail licenses at other locations
19 without being considered in violation of RCW 66.28.010;~~

20 ~~(e))~~ To apply for and, if qualified and upon the payment of the
21 appropriate fee, be licensed as a spirits, beer, and wine restaurant to
22 do business at the same location. This fee is in addition to the fee
23 charged for the basic public house license.

24 ~~(2) ((While the holder of a public house license is not to be
25 considered in violation of the prohibitions of ownership or interest in
26 a retail license in RCW 66.28.010, the remainder of RCW 66.28.010
27 applies to such licensees.))~~ RCW 66.28.305 applies to a public house
28 license.

29 (3) A public house licensee must pay all applicable taxes on
30 production as are required by law, and all appropriate taxes must be
31 paid for any product sold at retail on the licensed premises.

32 (4) The employees of the licensee must comply with the provisions
33 of mandatory server training in RCW 66.20.300 through 66.20.350.

34 (5) The holder of a public house license may not hold a
35 wholesaler's or importer's license, act as the agent of another
36 manufacturer, wholesaler, or importer, or hold a brewery or winery
37 license.

1 (6) The annual license fee for a public house is one thousand one
2 hundred five dollars.

3 (7) The holder of a public house license may hold other licenses at
4 other locations if the locations are approved by the board.

5 (8) Existing holders of annual retail liquor licenses may apply for
6 and, if qualified, be granted a public house license at one or more of
7 their existing liquor licensed locations without discontinuing business
8 during the application or construction stages.

9 **Sec. 9.** RCW 66.24.580 and 1999 c 281 s 6 are each amended to read
10 as follows:

11 (1) A public house license allows the licensee:

12 (a) To annually manufacture no less than two hundred fifty gallons
13 and no more than two thousand four hundred barrels of beer on the
14 licensed premises;

15 (b) To sell product, that is produced on the licensed premises, at
16 retail on the licensed premises for consumption on the licensed
17 premises;

18 (c) To sell beer or wine not of its own manufacture for consumption
19 on the licensed premises if the beer or wine has been purchased from a
20 licensed beer or wine wholesaler;

21 ~~(d) ((To hold other classes of retail licenses at other locations
22 without being considered in violation of RCW 66.28.010;~~

23 ~~(e))~~ To apply for and, if qualified and upon the payment of the
24 appropriate fee, be licensed as a spirits, beer, and wine restaurant to
25 do business at the same location. This fee is in addition to the fee
26 charged for the basic public house license.

27 (2) ~~((While the holder of a public house license is not to be
28 considered in violation of the prohibitions of ownership or interest in
29 a retail license in RCW 66.28.010, the remainder of RCW 66.28.010
30 applies to such licensees.))~~ RCW 66.28.305 applies to a public house
31 license.

32 (3) A public house licensee must pay all applicable taxes on
33 production as are required by law, and all appropriate taxes must be
34 paid for any product sold at retail on the licensed premises.

35 (4) The employees of the licensee must comply with the provisions
36 of mandatory server training in RCW 66.20.300 through 66.20.350.

1 (5) The holder of a public house license may not hold a
2 wholesaler's or importer's license, act as the agent of another
3 manufacturer, wholesaler, or importer, or hold a brewery or winery
4 license.

5 (6) The annual license fee for a public house is one thousand
6 dollars.

7 (7) The holder of a public house license may hold other licenses at
8 other locations if the locations are approved by the board.

9 (8) Existing holders of annual retail liquor licenses may apply for
10 and, if qualified, be granted a public house license at one or more of
11 their existing liquor licensed locations without discontinuing business
12 during the application or construction stages.

13 **Sec. 10.** RCW 66.28.040 and 2009 c 373 s 8 are each amended to read
14 as follows:

15 Except as permitted by the board under RCW 66.20.010, no domestic
16 brewery, microbrewery, distributor, distiller, domestic winery,
17 importer, rectifier, certificate of approval holder, or other
18 manufacturer of liquor shall, within the state of Washington, give to
19 any person any liquor; but nothing in this section nor in RCW
20 (~~66.28.010—shall~~) 66.28.305 prevents a domestic brewery,
21 microbrewery, distributor, domestic winery, distiller, certificate of
22 approval holder, or importer from furnishing samples of beer, wine, or
23 spirituous liquor to authorized licensees for the purpose of
24 negotiating a sale, in accordance with regulations adopted by the
25 liquor control board, provided that the samples are subject to taxes
26 imposed by RCW 66.24.290 and 66.24.210, and in the case of spirituous
27 liquor, any product used for samples must be purchased at retail from
28 the board; nothing in this section shall prevent the furnishing of
29 samples of liquor to the board for the purpose of negotiating the sale
30 of liquor to the state liquor control board; nothing in this section
31 shall prevent a domestic brewery, microbrewery, domestic winery,
32 distillery, certificate of approval holder, or distributor from
33 furnishing beer, wine, or spirituous liquor for instructional purposes
34 under RCW 66.28.150; nothing in this section shall prevent a domestic
35 winery, certificate of approval holder, or distributor from furnishing
36 wine without charge, subject to the taxes imposed by RCW 66.24.210, to
37 a not-for-profit group organized and operated solely for the purpose of

1 enology or the study of viticulture which has been in existence for at
2 least six months and that uses wine so furnished solely for such
3 educational purposes or a domestic winery, or an out-of-state
4 certificate of approval holder, from furnishing wine without charge or
5 a domestic brewery, or an out-of-state certificate of approval holder,
6 from furnishing beer without charge, subject to the taxes imposed by
7 RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW
8 66.24.140 or an accredited representative of a distiller, manufacturer,
9 importer, or distributor of spirituous liquor licensed under RCW
10 66.24.310, from furnishing spirits without charge, to a nonprofit
11 charitable corporation or association exempt from taxation under
12 section 501(c)(3) or (6) of the internal revenue code of 1986 (26
13 U.S.C. Sec. 501(c)(3) or (6)) for use consistent with the purpose or
14 purposes entitling it to such exemption; nothing in this section shall
15 prevent a domestic brewery or microbrewery from serving beer without
16 charge, on the brewery premises; nothing in this section shall prevent
17 donations of wine for the purposes of RCW 66.12.180; nothing in this
18 section shall prevent a domestic winery from serving wine without
19 charge, on the winery premises; and nothing in this section shall
20 prevent a craft distillery from serving spirits without charge, on the
21 distillery premises subject to RCW 66.24.145.

22 **Sec. 11.** RCW 66.28.042 and 2004 c 160 s 12 are each amended to
23 read as follows:

24 A liquor manufacturer, importer, authorized representative holding
25 a certificate of approval, or distributor may provide to licensed
26 retailers and their employees food and beverages for consumption at a
27 meeting at which the primary purpose is the discussion of business, and
28 may provide local ground transportation to and from such meetings. The
29 value of the food, beverage, or transportation provided under this
30 section shall not be considered the advancement of moneys or moneys'
31 worth within the meaning of RCW (~~66.28.010~~) 66.28.305, nor shall it
32 be considered the giving away of liquor within the meaning of RCW
33 (~~68.28.040~~) 66.28.040. The board may adopt rules for the
34 implementation of this section.

35 **Sec. 12.** RCW 66.28.043 and 2004 c 160 s 13 are each amended to
36 read as follows:

1 A liquor manufacturer, importer, authorized representative holding
2 a certificate of approval, or distributor may provide to licensed
3 retailers and their employees tickets or admission fees for athletic
4 events or other forms of entertainment occurring within the state of
5 Washington, if the manufacturer, importer, distributor, authorized
6 representative holding a certificate of approval, or any of their
7 employees accompanies the licensed retailer or its employees to the
8 event. A liquor manufacturer, importer, authorized representative
9 holding a certificate of approval, or distributor may also provide to
10 licensed retailers and their employees food and beverages for
11 consumption at such events, and local ground transportation to and from
12 activities allowed under this section. The value of the food,
13 beverage, transportation, or admission to events provided under this
14 section shall not be considered the advancement of moneys or moneys'
15 worth within the meaning of RCW ((~~66.28.010~~)) 66.28.305, nor shall it
16 be considered the giving away of liquor within the meaning of RCW
17 ((~~68.28.040~~)) 66.28.040. The board may adopt rules for the
18 implementation of this section.

19 **Sec. 13.** RCW 66.28.155 and 2004 c 160 s 15 are each amended to
20 read as follows:

21 A domestic brewery, microbrewery, domestic winery, distillery,
22 distributor, certificate of approval holder, or its licensed agent may
23 conduct educational activities or provide product information to the
24 consumer on the licensed premises of a retailer. Information on the
25 subject of wine, beer, or spirituous liquor, including but not limited
26 to, the history, nature, quality, and characteristics of a wine, beer,
27 or spirituous liquor, methods of harvest, production, storage,
28 handling, and distribution of a wine, beer, or spirituous liquor, and
29 the general development of the wine, beer, and spirituous liquor
30 industry may be provided by a domestic brewery, microbrewery, domestic
31 winery, distillery, distributor, certificate of approval holder, or its
32 licensed agent to the public on the licensed premises of a retailer.
33 The retailer requesting such activity shall attempt to schedule a
34 series of brewery, winery, authorized representative, or distillery and
35 distributor appearances in an effort to equitably represent the
36 industries. Nothing in this section permits a domestic brewery,
37 microbrewery, domestic winery, distillery, distributor, certificate of

1 approval holder, or its licensed agent to receive compensation or
2 financial benefit from the educational activities or product
3 information presented on the licensed premises of a retailer. The
4 promotional value of such educational activities or product information
5 shall not be considered advancement of moneys or of moneys' worth
6 within the meaning of RCW (~~66.28.010~~) 66.28.305.

7 **Sec. 14.** RCW 66.28.190 and 2003 c 168 s 305 are each amended to
8 read as follows:

9 RCW (~~66.28.010~~) 66.28.305 notwithstanding, persons licensed under
10 RCW 66.24.200 as wine distributors and persons licensed under RCW
11 66.24.250 as beer distributors may sell at wholesale nonliquor food and
12 food ingredients on thirty-day credit terms to persons licensed as
13 retailers under this title, but complete and separate accounting
14 records shall be maintained on all sales of nonliquor food and food
15 ingredients to ensure that such persons are in compliance with RCW
16 (~~66.28.010~~) 66.28.305.

17 For the purpose of this section, "nonliquor food and food
18 ingredients" includes all food and food ingredients for human
19 consumption as defined in RCW 82.08.0293 as it exists on July 1, 2004.

20 **Sec. 15.** RCW 66.24.240 and 2008 c 41 s 7 are each amended to read
21 as follows:

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

25 (2) Any domestic brewery, except for a brand owner of malt
26 beverages under RCW 66.04.010(~~(+6)~~), licensed under this section may
27 also act as a distributor and/or retailer for beer of its own
28 production. Any domestic brewery operating as a distributor and/or
29 retailer under this subsection shall comply with the applicable laws
30 and rules relating to distributors and/or retailers. A domestic
31 brewery holding a spirits, beer, and wine restaurant license may sell
32 beer of its own production for off-premises consumption from its
33 restaurant premises in kegs or in a sanitary container brought to the
34 premises by the purchaser or furnished by the licensee and filled at
35 the tap by the licensee at the time of sale.

1 (3) A domestic brewery may hold up to two retail licenses to
2 operate an on or off-premise tavern, beer and/or wine restaurant, or
3 spirits, beer, and wine restaurant. This retail license is separate
4 from the brewery license. A brewery that holds a tavern license, a
5 spirits, beer, and wine restaurant license, or a beer and/or wine
6 restaurant license shall hold the same privileges and endorsements as
7 permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

8 (4) Any domestic brewery licensed under this section may contract-
9 produce beer for a brand owner of malt beverages defined under RCW
10 66.04.010(~~(+6)~~), and this contract-production is not a sale for the
11 purposes of RCW 66.28.170 and 66.28.180.

12 (5)(a) A domestic brewery licensed under this section and qualified
13 for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may
14 apply to 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.

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

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

26 (d) Each approved location in a qualifying farmers market is deemed
27 to be part of the domestic brewery license for the purpose of this
28 title. The approved locations under an endorsement granted under this
29 subsection do not include the tasting or sampling privilege of a
30 domestic brewery. The domestic brewery may not store beer at a farmers
31 market beyond the hours that the domestic brewery offers bottled beer
32 for sale. The domestic brewery may not act as a distributor from a
33 farmers market location.

34 (e) Before a domestic brewery may sell bottled beer at a qualifying
35 farmers market, the farmers market must apply to the board for
36 authorization for any domestic brewery with an endorsement approved
37 under this subsection to sell bottled beer at retail at the farmers
38 market. This application shall include, at a minimum: (i) A map of

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

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

15 (g) For the purposes of this subsection:

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

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

23 (B) The total combined gross annual sales of vendors who are
24 farmers exceeds the total combined gross annual sales of vendors who
25 are processors or resellers;

26 (C) The total combined gross annual sales of vendors who are
27 farmers, processors, or resellers exceeds the total combined gross
28 annual sales of vendors who are not farmers, processors, or resellers;

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

31 (E) No vendor is a franchisee.

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

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

1 (iv) "Reseller" means a natural person who buys agricultural
2 products from a farmer and resells the products directly to the
3 consumer.

4 **Sec. 16.** RCW 66.20.010 and 2008 c 181 s 602 are each amended to
5 read as follows:

6 Upon application in the prescribed form being made to any employee
7 authorized by the board to issue permits, accompanied by payment of the
8 prescribed fee, and upon the employee being satisfied that the
9 applicant should be granted a permit under this title, the employee
10 shall issue to the applicant under such regulations and at such fee as
11 may be prescribed by the board a permit of the class applied for, as
12 follows:

13 (1) Where the application is for a special permit by a physician or
14 dentist, or by any person in charge of an institution regularly
15 conducted as a hospital or sanitorium for the care of persons in ill
16 health, or as a home devoted exclusively to the care of aged people, a
17 special liquor purchase permit, except that the governor may waive the
18 requirement for a special liquor purchase permit under this subsection
19 pursuant to an order issued under RCW 43.06.220(2);

20 (2) Where the application is for a special permit by a person
21 engaged within the state in mechanical or manufacturing business or in
22 scientific pursuits requiring alcohol for use therein, or by any
23 private individual, a special permit to purchase alcohol for the
24 purpose named in the permit, except that the governor may waive the
25 requirement for a special liquor purchase permit under this subsection
26 pursuant to an order issued under RCW 43.06.220(2);

27 (3) Where the application is for a special permit to consume liquor
28 at a banquet, at a specified date and place, a special permit to
29 purchase liquor for consumption at such banquet, to such applicants as
30 may be fixed by the board;

31 (4) Where the application is for a special permit to consume liquor
32 on the premises of a business not licensed under this title, a special
33 permit to purchase liquor for consumption thereon for such periods of
34 time and to such applicants as may be fixed by the board;

35 (5) Where the application is for a special permit by a manufacturer
36 to import or purchase within the state alcohol, malt, and other

1 materials containing alcohol to be used in the manufacture of liquor,
2 or other products, a special permit;

3 (6) Where the application is for a special permit by a person
4 operating a drug store to purchase liquor at retail prices only, to be
5 thereafter sold by such person on the prescription of a physician, a
6 special liquor purchase permit, except that the governor may waive the
7 requirement for a special liquor purchase permit under this subsection
8 pursuant to an order issued under RCW 43.06.220(2);

9 (7) Where the application is for a special permit by an authorized
10 representative of a military installation operated by or for any of the
11 armed forces within the geographical boundaries of the state of
12 Washington, a special permit to purchase liquor for use on such
13 military installation at prices to be fixed by the board;

14 (8) Where the application is for a special permit by a
15 manufacturer, importer, or distributor, or representative thereof, to
16 serve liquor without charge to delegates and guests at a convention of
17 a trade association composed of licensees of the board, when the said
18 liquor is served in a hospitality room or from a booth in a board-
19 approved suppliers' display room at the convention, and when the liquor
20 so served is for consumption in the said hospitality room or display
21 room during the convention, anything in Title 66 RCW to the contrary
22 notwithstanding. Any such spirituous liquor shall be purchased from
23 the board or a spirits, beer, and wine restaurant licensee and any such
24 beer and wine shall be subject to the taxes imposed by RCW 66.24.290
25 and 66.24.210;

26 (9) Where the application is for a special permit by a vendor or a
27 manufacturer, importer, or distributor, or representative thereof, to
28 donate liquor for a reception, breakfast, luncheon, or dinner for
29 delegates and guests at a convention of a trade association composed of
30 licensees of the board, when the liquor so donated is for consumption
31 at the said reception, breakfast, luncheon, or dinner during the
32 convention, anything in Title 66 RCW to the contrary notwithstanding.
33 Any such spirituous liquor shall be purchased from the board or a
34 spirits, beer, and wine restaurant licensee and any such beer and wine
35 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

36 (10) Where the application is for a special permit by a
37 manufacturer, importer, or distributor, or representative thereof, to
38 donate and/or serve liquor without charge to delegates and guests at an

1 international trade fair, show, or exposition held under the auspices
2 of a federal, state, or local governmental entity or organized and
3 promoted by a nonprofit organization, anything in Title 66 RCW to the
4 contrary notwithstanding. Any such spirituous liquor shall be
5 purchased from the board and any such beer or wine shall be subject to
6 the taxes imposed by RCW 66.24.290 and 66.24.210;

7 (11) Where the application is for an annual special permit by a
8 person operating a bed and breakfast lodging facility to donate or
9 serve wine or beer without charge to overnight guests of the facility
10 if the wine or beer is for consumption on the premises of the facility.
11 "Bed and breakfast lodging facility," as used in this subsection, means
12 a facility offering from one to eight lodging units and breakfast to
13 travelers and guests.

14 NEW SECTION. **Sec. 17.** Sections 3, 5, and 8 of this act expire
15 July 1, 2011.

16 NEW SECTION. **Sec. 18.** Sections 4, 6, and 9 of this act take
17 effect July 1, 2011.

--- END ---