

# FINAL BILL REPORT

## E2SSB 5353

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Synopsis as Enacted

**Brief Description:** Concerning marketing opportunities for spirits produced in Washington by craft and general licensed distilleries.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Angel).

**Senate Committee on Commerce & Labor**  
**Senate Committee on Ways & Means**  
**House Committee on Commerce & Gaming**

**Background:** A distillery and craft distillery may provide half-ounce or less samples of spirits of their own production, with a maximum total per person per day of two ounces.

Qualifying farmers markets are authorized to allow wineries to sell bottled wine and microbreweries to sell bottled beer at retail. The market may apply to the Liquor Control Board (LCB) for an endorsement to allow sampling of wine and beer from a domestic winery or microbrewery which is likewise authorized by the LCB for such sales and sampling. Up to a total of three wineries or microbreweries may offer samples at a farmers market per day. Food must be available for sampling customers. The annual fee for this endorsement is \$75.

The LCB may issue a special permit to consume liquor at events such as banquets. The permit allows for the service and consumption at private, invitation-only gatherings held in a public place or business. The fee for the permit is \$10 per day. The LCB does not issue banquet permits to retail liquor licensees.

Domestic and out-of-state wineries which have obtained a shippers' permit from the LCB are authorized to make direct shipments of wine to consumers. Packages must be clearly labeled to indicate that the package cannot be delivered to a person under 21 years of age or to an intoxicated person. The delivery carrier must obtain the signature of the person who receives the wine upon delivery, verify the recipient is 21 years of age or older, and verify that the recipient does not appear intoxicated at the time of delivery. Spirits retail licensees are authorized to ship spirits under rules adopted by the LCB.

There are no statutory provisions relating to the sale of gift certificates or gift cards by a licensee authorized to sell alcohol at retail.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary:** Non-alcoholic mixers, water, and ice may be added to samples of spirits served by a distillery or craft distillery.

A distillery or craft distillery may apply for an endorsement to sell spirits of its own production at retail for off-premises consumption at a qualifying farmers market. A distillery may not provide tastings or samples of spirits at a farmers market.

A distillery or craft distillery may apply for a special permit to allow tasting and sell spirits at an event, not open to the public, at a specified date and place, which may include the licensee's premises. The permit fee is \$10 and is limited to 12 events per distillery per year. The permit must be posted at the premises during the event.

The LCB's administrative rules on shipping spirits by retail licensees are clarified and codified. A licensed distillery or craft distillery may accept orders directly from and deliver spirits directly to customers if: (1) the spirits are not for resale; (2) the spirits come directly from the licensee's possession; (3) the spirits are ordered in person, by mail, telephone, or internet, or similar method; and (4) only the licensee's direct employees accept and process the orders and payments. New distillery and craft distillery licensees must request internet-sales privileges in their application, and existing licensees must notify the LCB prior to making internet sales. Deliveries may only be made to a residence or business, unless the LCB grants an exception. Residence includes temporary lodgings at a hotel, motel, marina, or similar lodging. Deliveries may be made between 6:00 a.m. and 2:00 a.m. The package labeling and delivery carriers must meet the same requirement as for shipping wine. Records and files must be maintained for each delivery sale. Internet websites must display the distillery or craft distillery's registered trade name. The licensee is accountable for all deliveries made on its behalf. LCB may impose administrative enforcement actions or suspend or revoke delivery privileges for violations of any condition, requirement, or restriction.

Any licensee authorized to sell alcohol at retail may sell gift certificates and gift cards which may be exchanged for consumer goods and services. The gift certificates and cards may be sold by third-party retailers. Gift certificates and cards may not be redeemed for alcohol by a person under the age of 21.

**Votes on Final Passage:**

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|--------|----|---|-----------------|
| Senate | 40 | 9 |                 |
| House  | 94 | 3 | (House amended) |
| Senate | 36 | 9 |                 |

**Effective:** July 24, 2015