
SUBSTITUTE HOUSE BILL 1976

State of Washington

64th Legislature

2015 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Vick, Blake, Hurst, and Tharinger)

READ FIRST TIME 02/19/15.

1 AN ACT Relating to marketing opportunities for spirits produced
2 in Washington by craft and general licensed distilleries; amending
3 RCW 66.24.140, 66.24.145, and 66.20.010; and adding a new section to
4 chapter 66.20 RCW.

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

6 **Sec. 1.** RCW 66.24.140 and 2014 c 92 s 4 are each amended to read
7 as follows:

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

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

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

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

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

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

7 (a) Sell spirits of its own production for consumption off the
8 premises. A distillery selling spirits under this subsection must
9 comply with the applicable laws and rules relating to retailers;

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

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

19 **Sec. 2.** RCW 66.24.145 and 2014 c 92 s 1 are each amended to read
20 as follows:

21 (1)(a) Any craft distillery may sell spirits of its own
22 production for consumption off the premises.

23 (b) A craft distillery selling spirits under this subsection must
24 comply with the applicable laws and rules relating to retailers.

25 (2) Any craft distillery may contract distilled spirits for, and
26 sell contract distilled spirits to, holders of distillers' or
27 manufacturers' licenses, including licenses issued under RCW
28 66.24.520, or for export.

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

36 (4)(a) A distillery or craft distillery licensee may apply to the
37 board for an endorsement to sell spirits of its own production at
38 retail for off-premises consumption at a qualifying farmers market.
39 The annual fee for this endorsement is seventy-five dollars.

1 (b) For each month during which a distillery or craft distillery
2 will sell spirits at a qualifying farmers market, the distillery or
3 craft distillery must provide the board or its designee a list of the
4 dates, times, and locations at which bottled spirits may be offered
5 for sale. This list must be received by the board before the spirits
6 may be offered for sale at a qualifying farmers market.

7 (c) Each approved location in a qualifying farmers market is
8 deemed to be part of the distillery or craft distillery license for
9 the purpose of this title. The distillery or craft distillery may not
10 store spirits at a farmers market beyond the hours that the bottled
11 spirits are offered for sale. The distillery or craft distillery may
12 not act as a distributor from a farmers market location.

13 (d) Before a distillery or craft distillery may sell bottled
14 spirits at a qualifying farmers market, the farmers market must apply
15 to the board for authorization for any distillery or craft distillery
16 with an endorsement approved under this subsection to sell bottled
17 spirits at retail at the farmers market. This application must
18 include, at a minimum: (i) A map of the farmers market showing all
19 booths, stalls, or other designated locations at which an approved
20 distillery or craft distillery may sell bottled spirits; and (ii) the
21 name and contact information for the on-site market managers who may
22 be contacted by the board or its designee to verify the locations at
23 which bottled spirits may be sold. Before authorizing a qualifying
24 farmers market to allow an approved distillery or craft distillery to
25 sell bottled spirits at retail at its farmers market location, the
26 board must notify the persons or entities of such application for
27 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
28 granted under this subsection (4)(d) may be withdrawn by the board
29 for any violation of this title or any rules adopted under this
30 title.

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

33 (5) The board must adopt rules to implement the alcohol server
34 permit requirement and may adopt additional rules to implement this
35 section.

36 ~~((+5))~~ (6) Distilling is an agricultural practice.

37 **Sec. 3.** RCW 66.20.010 and 2013 c 59 s 1 are each amended to read
38 as follows:

1 Upon application in the prescribed form being made to any
2 employee authorized by the board to issue permits, accompanied by
3 payment of the prescribed fee, and upon the employee being satisfied
4 that the applicant should be granted a permit under this title, the
5 employee must issue to the applicant under such regulations and at
6 such fee as may be prescribed by the board a permit of the class
7 applied for, as follows:

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

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

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

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

30 (5) Where the application is for a special permit by a
31 manufacturer to import or purchase within the state alcohol, malt,
32 and other materials containing alcohol to be used in the manufacture
33 of liquor, or other products, a special permit;

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

1 (7) Where the application is for a special permit by an
2 authorized representative of a military installation operated by or
3 for any of the armed forces within the geographical boundaries of the
4 state of Washington, a special permit to purchase liquor for use on
5 such military installation;

6 (8) Where the application is for a special permit by a vendor
7 that manufactures or sells a product which cannot be effectively
8 presented to potential buyers without serving it with liquor or by a
9 manufacturer, importer, or distributor, or representative thereof, to
10 serve liquor without charge to delegates and guests at a convention
11 of a trade association composed of licensees of the board, when the
12 said liquor is served in a hospitality room or from a booth in a
13 board-approved suppliers' display room at the convention, and when
14 the liquor so served is for consumption in the said hospitality room
15 or display room during the convention, anything in this title to the
16 contrary notwithstanding. Any such spirituous liquor must be
17 purchased from a spirits retailer or distributor, and any such liquor
18 is subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

19 (9) Where the application is for a special permit by a
20 manufacturer, importer, or distributor, or representative thereof, to
21 donate liquor for a reception, breakfast, luncheon, or dinner for
22 delegates and guests at a convention of a trade association composed
23 of licensees of the board, when the liquor so donated is for
24 consumption at the said reception, breakfast, luncheon, or dinner
25 during the convention, anything in this title to the contrary
26 notwithstanding. Any such spirituous liquor must be purchased from a
27 spirits retailer or distributor, and any such liquor is subject to
28 the taxes imposed by RCW 66.24.290 and 66.24.210;

29 (10) Where the application is for a special permit by a
30 manufacturer, importer, or distributor, or representative thereof, to
31 donate and/or serve liquor without charge to delegates and guests at
32 an international trade fair, show, or exposition held under the
33 auspices of a federal, state, or local governmental entity or
34 organized and promoted by a nonprofit organization, anything in this
35 title to the contrary notwithstanding. Any such spirituous liquor
36 must be purchased from a liquor spirits retailer or distributor, and
37 any such liquor is subject to the taxes imposed by RCW 66.24.290 and
38 66.24.210;

39 (11) Where the application is for an annual special permit by a
40 person operating a bed and breakfast lodging facility to donate or

1 serve wine or beer without charge to overnight guests of the facility
2 if the wine or beer is for consumption on the premises of the
3 facility. "Bed and breakfast lodging facility," as used in this
4 subsection, means a facility offering from one to eight lodging units
5 and breakfast to travelers and guests;

6 (12) Where the application is for a special permit to allow
7 tasting of alcohol by persons at least eighteen years of age under
8 the following circumstances:

9 (a) The application is from a community or technical college as
10 defined in RCW 28B.50.030;

11 (b) The person who is permitted to taste under this subsection is
12 enrolled as a student in a required or elective class that is part of
13 a culinary, wine technology, beer technology, or spirituous
14 technology-related degree program;

15 (c) The alcohol served to any person in the degree-related
16 programs under (b) of this subsection is tasted but not consumed for
17 the purposes of educational training as part of the class curriculum
18 with the approval of the educational provider;

19 (d) The service and tasting of alcoholic beverages is supervised
20 by a faculty or staff member of the educational provider who is
21 twenty-one years of age or older. The supervising faculty or staff
22 member shall possess a class 12 or 13 alcohol server permit under the
23 provisions of RCW 66.20.310;

24 (e) The enrolled student permitted to taste the alcoholic
25 beverages does not purchase the alcoholic beverages; and

26 (f) The permit fee for the special permit provided for in this
27 subsection (12) (~~shall~~) must be waived by the board;

28 (13) Where the application is for a special permit by a
29 distillery or craft distillery for an event not open to the general
30 public to be held or conducted at a specific place, including at the
31 licensed premises of the applying distillery or craft distillery,
32 upon a specific date for the purpose of tasting and selling spirits
33 of its own production. The distillery or craft distillery must obtain
34 a permit for a fee of ten dollars per event. An application for the
35 permit must be submitted via the board's online web portal for
36 private banquet permits at least ten days before the event and, once
37 issued, must be posted in a conspicuous place at the premises for
38 which the permit was issued during all times the permit is in use. No
39 distillery may receive more than twelve permits under this subsection
40 (13) each year.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.20
2 RCW to read as follows:

3 (1) The holder of a license to operate a distillery or craft
4 distillery under RCW 66.24.140 or 66.24.145 may apply to the board to
5 deliver or ship spirits of its own production to a person at an
6 address within Washington state. The board may issue a permit under
7 this section if the applicant:

8 (a) Operates a distillery or craft distillery in Washington;

9 (b) Certifies that it holds all necessary state and federal
10 licenses and permits; and

11 (c) Certifies that it is registered with the department of
12 revenue under RCW 82.32.030.

13 (2) The holder of a distiller shipping permit under this section
14 must comply with the following conditions as to every sale:

15 (a) The spirits sold and shipped must not be for resale and the
16 person receiving delivery of the spirits must execute a written
17 verification that the spirits will not be resold;

18 (b) The spirits sold and shipped must come directly from the
19 distillery's or craft distillery's possession before shipment or
20 delivery;

21 (c) The distillery or craft distillery shall treat each
22 transaction as if it were conducted in the retail location of the
23 distillery or craft distillery;

24 (d) All orders and payments must be fully processed before
25 spirits transfers ownership or, in the case of a delivery, leaves a
26 licensed distillery's or craft distillery's possession;

27 (e) A distillery or craft distillery licensee is accountable for
28 all deliveries of liquor made on its behalf;

29 (f) Spirits may be delivered each day of the week between the
30 hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by
31 2:00 a.m.;

32 (g) Except as authorized by the board, delivery may be made only
33 to a residence or business that has an address recognized by the
34 United States postal service. A residence includes a hotel room, a
35 motel room, marina, or other similar lodging that temporarily serves
36 as a residence;

37 (h) Spirits may not be delivered to a person under twenty-one
38 years of age. A delivery person must verify the age of the person
39 accepting delivery before handing over liquor. If no person twenty-

1 one years of age or older is present to accept a spirits order at the
2 time of delivery, the spirits must be returned;

3 (i) The person delivering the spirits must execute a written
4 verification that the person receiving the spirits did not appear
5 intoxicated at the time of delivery;

6 (j) Only a distillery or craft distillery licensee or an employee
7 of a licensee may accept and process orders and payments. A
8 contractor may not accept or process orders or payments on behalf of
9 a distillery or craft distillery licensee, except for transmittal of
10 payment through a third-party service. A third-party service may not
11 solicit customers on behalf of a distillery or craft distillery
12 licensee.

13 (3) The holder of a distiller shipping permit under this section
14 may accept orders in person at a licensed premises, by mail,
15 telephone, or internet, or by other similar means.

16 (4) To sell spirits via the internet, an applicant for a permit
17 under this section must seek approval by the board in its
18 application. When selling over the internet, all web site pages
19 associated with the sale of liquor must display the distillery or
20 craft distillery licensee's registered trade name and license number.

21 (5)(a) Individual units of spirits must be factory-sealed in
22 bottles. For the purposes of this subsection, "factory-sealed" means
23 that a unit is in one hundred percent resalable condition, with all
24 manufacturer's seals intact.

25 (b) The outermost surface of a liquor package, delivered by a
26 third party, must have language stating that:

27 (i) The package contains liquor;

28 (ii) The recipient must be twenty-one years of age or older; and

29 (iii) Delivery to intoxicated persons is prohibited.

30 (6)(a) Records and files must be retained at the licensed
31 premises. Each delivery sales record must include the following:

32 (i) Name of the purchaser;

33 (ii) Name of the person who accepts delivery;

34 (iii) Street addresses of the purchaser and the delivery
35 location; and

36 (iv) Time and date of purchase and delivery.

37 (b) A private carrier must obtain the signature of the person who
38 receives liquor upon delivery.

39 (7) Holders of a spirits delivery and shipper's permit must
40 collect and remit to the department of revenue all applicable state

1 and local sales and use taxes imposed by or under the authority of
2 chapters 82.08, 82.12, and 82.14 RCW on all sales of spirits
3 delivered to buyers in this state. Sales, delivery, and shipment of
4 spirits under this section must be treated as though they were a
5 retail sale taking place in person in a craft distillery retail
6 tasting room for purposes of fees imposed by RCW 66.24.630(4) and
7 66.24.055(3).

8 (8) A spirits delivery and shipper's permit holder must report to
9 the board, on or before the twentieth day of each month, all
10 deliveries or shipments of spirits made during the preceding calendar
11 month directly to Washington consumers under its permit. All reports
12 will be on forms prescribed by the board.

13 (9) The board may impose administrative enforcement action upon a
14 licensee, or suspend or revoke a licensee's delivery privileges, or
15 any combination thereof, should a licensee violate any condition,
16 requirement, or restriction.

17 (10) The board may make rules to implement this section.

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