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ENGROSSED SENATE BILL 5834

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State of Washington

65th Legislature

2017 Regular Session

By Senator Baumgartner

Read first time 02/16/17. Referred to Committee on Commerce, Labor & Sports.

1 AN ACT Relating to licensing of bonded spirits warehouses;  
2 amending RCW 66.24.640; and adding a new section to chapter 66.24  
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 66.24  
6 RCW to read as follows:

7 (1) There shall be a license for bonded spirits warehouses that  
8 authorizes the storage and handling of bulk or barreled spirits.  
9 Under this license a licensee may maintain a warehouse for the  
10 storage of bulk or barreled spirits off the premises of a distillery  
11 for distillers qualified under RCW 66.24.140, 66.24.145, or  
12 66.24.150, or entities otherwise licensed and permitted in this  
13 state, or bulk or barreled spirits transferred in bond from out-of-  
14 state distilleries, so long as the storage of the bulk or barreled  
15 spirits transferred into the state is for storage only and not for  
16 processing or bottling in the bonded spirits warehouse.

17 (2) The board must adopt similar qualifications for a bonded  
18 spirits warehouse license as required for obtaining a distillery  
19 license as specified in RCW 66.24.140, 66.24.145, and 66.24.150. A  
20 licensee must be a sole proprietor, partnership, limited liability  
21 company, corporation, port authority, city, county, or any other

1 public entity or subdivision of the state that elects to license a  
2 bonded spirits warehouse as an agricultural or economic development  
3 activity. One or more domestic distilleries or manufacturers may  
4 operate as a partnership, corporation, business co-op, cotenant, or  
5 agricultural co-op for the purposes of obtaining a bonded spirits  
6 warehouse license or storing spirits in the facility under a common  
7 management and oversight agreement free of charge or for a fee.

8 (3) Spirits may be removed from a bonded spirits warehouse for  
9 purposes of being:

10 (a) Exported from the state;

11 (b) Returned to a distillery or bonded spirits warehouse; or

12 (c) Transferred to a distillery, bonded spirits warehouse, or  
13 bottling or packaging facility.

14 (4) Warehousing of spirits by any person other than (a) a  
15 licensed domestic distillery, (b) a bonded spirits warehouse licensee  
16 licensed under the provisions of this section, (c) a licensed  
17 Washington spirits distributor, (d) a licensed Washington spirits  
18 importer, (e) licensees utilizing warehouses authorized under RCW  
19 66.24.630 or 66.28.340, or (f) a spirits certificate of approval  
20 holder is prohibited.

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

26 (6) A license applicant shall demonstrate the right to have  
27 warehoused spirits under a valid federal permit held by a properly  
28 licensed licensee who maintains ownership and title to the spirits  
29 while they are in storage in the bonded spirits warehouse. The fee  
30 for this license is one hundred dollars per annum.

31 (7) The board must adopt rules requiring a bonded spirits  
32 warehouse to be physically secure, zoned for the intended use, and  
33 physically separated from any other use.

34 (8) The operator or licensee operating a bonded spirits warehouse  
35 must submit to the board a monthly report of movement of bulk or  
36 barreled spirits to and from a bonded spirits warehouse in a form  
37 prescribed by the board. The board may adopt other necessary  
38 procedures by which bonded spirits warehouses are licensed and  
39 regulated.

1 (9) The board may require a single annual permit valid for a full  
2 calendar year issued to each licensee or entity warehousing spirits  
3 in a bonded spirits warehouse that must allow for unlimited transfers  
4 to and from such warehouse within that year. The fee for this permit  
5 is one hundred dollars per annum.

6 **Sec. 2.** RCW 66.24.640 and 2012 c 2 s 206 are each amended to  
7 read as follows:

8 Any distiller licensed under this title may act as a retailer  
9 and/or distributor to retailers selling for consumption on or off the  
10 licensed premises of spirits of its own production, and any  
11 manufacturer, importer, or bottler of spirits holding a certificate  
12 of approval may act as a distributor of spirits it is entitled to  
13 import into the state under such certificate. The board must by rule  
14 provide for issuance of certificates of approval to spirits  
15 suppliers. An industry member operating as a distributor and/or  
16 retailer under this section must comply with the applicable laws and  
17 rules relating to distributors and/or retailers, except that an  
18 industry member operating as a distributor under this section may  
19 maintain a warehouse off the distillery premises for the distribution  
20 of bottled spirits of its own production to spirits retailers within  
21 the state, if the warehouse is within the United States and has been  
22 approved by the board.

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