
SENATE BILL 5742

State of Washington

66th Legislature

2019 Regular Session

By Senators Fortunato and Zeiger

1 AN ACT Relating to special licenses and permits issued by the
2 liquor and cannabis board; amending RCW 66.24.375, 66.28.040,
3 66.28.295, and 66.20.010; and adding a new section to chapter 66.28
4 RCW.

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

6 **Sec. 1.** RCW 66.24.375 and 2007 c 370 s 1 are each amended to
7 read as follows:

8 "Society or organization" as used in RCW 66.24.380 means a not-
9 for-profit group organized and operated (1) solely for charitable,
10 religious, social, political, educational, civic, (~~(fraternal,)~~)
11 athletic, or benevolent purposes, (~~(or)~~) (2) as a fraternal society,
12 order, or association registered under Title 26 U.S.C. Sec. 501(c)(8)
13 or (10) of the internal revenue code as it existed on the effective
14 date of this section, or (3) as a local wine industry association
15 registered under (~~section~~) Title 26 U.S.C. Sec. 501(c)(6) of the
16 internal revenue code as it exists on July 22, 2007. No portion of
17 the profits from events sponsored by a not-for-profit group may be
18 paid directly or indirectly to members, officers, directors, or
19 trustees except for services performed for the organization. Any
20 compensation paid to its officers and executives must be only for
21 actual services and at levels comparable to the compensation for like

1 positions within the state. A society or organization which is
2 registered with the secretary of state or the federal internal
3 revenue service as a nonprofit organization shall submit such
4 registration, upon request, as proof that it is a not-for-profit
5 group.

6 **Sec. 2.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to
7 read as follows:

8 (1) Except as provided under section 4 of this act, or permitted
9 by the board under RCW 66.20.010, no domestic brewery, microbrewery,
10 distributor, distiller, domestic winery, importer, rectifier,
11 certificate of approval holder, or other manufacturer of liquor may,
12 within the state of Washington, give to any person any liquor(~~+~~
13 ~~but~~)).

14 (2) Nothing in this section nor in RCW 66.28.305 prevents:

15 (a) A domestic brewery, microbrewery, distributor, domestic
16 winery, distiller, certificate of approval holder, or importer from
17 furnishing samples of beer, wine, or spirituous liquor to authorized
18 licensees for the purpose of negotiating a sale, in accordance with
19 (~~regulations~~) rules adopted by the (~~liquor and cannabis~~) board,
20 provided that the samples are subject to taxes imposed by RCW
21 66.24.290 and 66.24.210; (~~nothing in this section prevents~~)

22 (b) A domestic brewery, microbrewery, domestic winery,
23 distillery, certificate of approval holder, or distributor from
24 furnishing beer, wine, or spirituous liquor for instructional
25 purposes under RCW 66.28.150; (~~nothing in this section prevents~~)

26 (c) A domestic winery, certificate of approval holder, or
27 distributor from furnishing wine without charge, subject to the taxes
28 imposed by RCW 66.24.210, to a not-for-profit group organized and
29 operated solely for the purpose of enology or the study of
30 viticulture which has been in existence for at least six months and
31 that uses wine so furnished solely for such educational purposes
32 (~~or~~);

33 (d) A domestic winery, or an out-of-state certificate of approval
34 holder, from furnishing wine without charge or a domestic brewery, or
35 an out-of-state certificate of approval holder, from furnishing beer
36 without charge, subject to the taxes imposed by RCW 66.24.210 or
37 66.24.290, or a domestic distiller licensed under RCW 66.24.140 or an
38 accredited representative of a distiller, manufacturer, importer, or
39 distributor of spirituous liquor licensed under RCW 66.24.310, from

1 furnishing spirits without charge, to a nonprofit charitable
2 corporation or association exempt from taxation under 26 U.S.C. Sec.
3 501(c)(3) (~~(e)~~), (6), (8), or (10) of the internal revenue code (~~(e)~~
4 ~~1986~~) as it existed on the effective date of this section for use
5 consistent with the purpose or purposes entitling it to such
6 exemption; (~~nothing in this section prevents~~)

7 (e) A domestic brewery or microbrewery from serving beer without
8 charge, on the brewery premises; (~~nothing in this section prevents~~)

9 (f) Donations of wine for the purposes of RCW 66.12.180;
10 (~~nothing in this section prevents~~)

11 (g) A domestic winery from serving wine without charge, on the
12 winery premises; and (~~nothing in this section prevents~~)

13 (h) A craft distillery from serving spirits, on the distillery
14 premises subject to RCW 66.24.145.

15 **Sec. 3.** RCW 66.28.295 and 2011 c 66 s 2 are each amended to read
16 as follows:

17 Nothing in RCW 66.28.290 (~~shall~~) prohibits:

18 (1) A licensed domestic brewery or microbrewery from being
19 licensed as a retailer pursuant to chapter 66.24 RCW for the purpose
20 of selling beer or wine at retail on the brewery premises and at one
21 additional off-site retail only location.

22 (2) A domestic winery from being licensed as a retailer pursuant
23 to chapter 66.24 RCW for the purpose of selling beer or wine at
24 retail on the winery premises. Such beer and wine so sold at retail
25 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210
26 and to reporting and bonding requirements as prescribed by
27 regulations adopted by the board pursuant to chapter 34.05 RCW, and
28 beer and wine that is not produced by the brewery or winery shall be
29 purchased from a licensed beer or wine distributor.

30 (3) A microbrewery holding a beer and/or wine restaurant license
31 under RCW 66.24.320 from holding the same privileges and endorsements
32 attached to the beer and/or wine restaurant license.

33 (4) A licensed craft distillery from selling spirits of its own
34 production under RCW 66.24.145.

35 (5) A licensed distiller, domestic brewery, microbrewery,
36 domestic winery, or a lessee of a licensed domestic brewer,
37 microbrewery, or domestic winery, from being licensed as a spirits,
38 beer, and wine restaurant pursuant to chapter 66.24 RCW for the
39 purpose of selling liquor at a spirits, beer, and wine restaurant

1 premises on the property on which the primary manufacturing facility
2 of the licensed distiller, domestic brewer, microbrewery, or domestic
3 winery is located or on contiguous property owned or leased by the
4 licensed distiller, domestic brewer, microbrewery, or domestic winery
5 as prescribed by rules adopted by the board pursuant to chapter 34.05
6 RCW.

7 (6) A microbrewery holding a spirits, beer, and wine restaurant
8 license under RCW 66.24.420 from holding the same privileges and
9 endorsements attached to the spirits, beer, and wine restaurant
10 license.

11 (7) A brewery or microbrewery holding a spirits, beer, and wine
12 restaurant license or a beer and/or wine license under chapter 66.24
13 RCW operated on the premises of the brewery or microbrewery from
14 holding a second retail only license at a location separate from the
15 premises of the brewery or microbrewery.

16 (8) Retail licensees with a caterer's endorsement issued under
17 RCW 66.24.320 or 66.24.420 from operating on a domestic winery
18 premises.

19 (9) An organization qualifying under RCW 66.24.375 formed for the
20 purpose of constructing and operating a facility to promote
21 Washington wines from holding retail licenses on the facility
22 property or leasing all or any portion of such facility property to a
23 retail licensee on the facility property if the members of the board
24 of directors or officers of the board for the organization include
25 officers, directors, owners, or employees of a licensed domestic
26 winery. Financing for the construction of the facility must include
27 both public and private money.

28 (10) A bona fide charitable nonprofit society or association
29 registered under Title 26 U.S.C. Sec. 501(c)(3) of the (~~federal~~)
30 internal revenue code, a fraternal society, order, or association
31 registered under Title 26 U.S.C. Sec. 501(c)(8) or (10) of the
32 internal revenue code as it existed on the effective date of this
33 section, or a local wine industry association registered under Title
34 26 U.S.C. Sec. 501(c)(6) of the (~~federal~~) internal revenue code as
35 it existed on July 22, 2007, and having an officer, director, owner,
36 or employee of a licensed domestic winery or a wine certificate of
37 approval holder on its board of directors from holding a special
38 occasion license under RCW 66.24.380.

39 (11) A person licensed pursuant to RCW 66.24.170, 66.24.240, or
40 66.24.244 from exercising the privileges of distributing and selling

1 at retail such person's own production or from exercising any other
2 right or privilege that attaches to such license.

3 (12) A person holding a certificate of approval pursuant to RCW
4 66.24.206 from obtaining an endorsement to act as a distributor of
5 their own product or from shipping their own product directly to
6 consumers as authorized by RCW 66.20.360.

7 (13) A person holding a wine shipper's permit pursuant to RCW
8 66.20.375 from shipping their own product directly to consumers.

9 (14) A person holding a certificate of approval pursuant to RCW
10 66.24.270(2) from obtaining an endorsement to act as a distributor of
11 their own product.

12 (15) A domestic winery and a restaurant licensed under RCW
13 66.24.320 or 66.24.400 from entering an arrangement to waive a
14 corkage fee.

15 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.28
16 RCW to read as follows:

17 (1) There is a special permit to be designated as a banquet
18 permit to be issued to a not-for-profit society or charitable
19 organization to provide free of charge, spirits, beer, and wine by
20 the individual serving for on-premises consumption at a specified
21 date and place.

22 (2) The banquet permit is available for an unlimited number of
23 the organization's business or social events that are held solely for
24 the organization's members and guests. The events may not be open to
25 the general public.

26 (3) Liquor served at the event may be:

27 (a) Provided by individuals attending the event for their own
28 consumption or with the intent to share, at no cost, with other
29 attendees;

30 (b) Included in the total price for an event when participants
31 receive an equal share by distribution of exchangeable tickets as
32 part of the package;

33 (c) Donated to the organization by any person, industry member,
34 or entity so long as the donor or the organization pays any fees
35 established by RCW 66.24.630(4), taxes imposed on a retail sale under
36 RCW 82.08.150, or other sales taxes that would be paid, if the sale
37 were made to a consumer; or

38 (d) Purchased by the event organizers at an authorized retail
39 source.

1 (4) The organization may accept cash donations at an event so
2 long as there is no expectation or implied obligation to give a
3 donation in exchange for a beverage containing liquor.

4 (5) The fee for the banquet permit is ten dollars per day.

5 (6) For events occurring under this section, the board must
6 provide for an online permit to be issued on the day the event
7 occurs.

8 **Sec. 5.** RCW 66.20.010 and 2017 c 250 s 1 are each amended to
9 read as follows:

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

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

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

31 (3) Where the application is for a special permit to consume
32 liquor at a banquet, at a specified date and place, a special permit
33 to purchase liquor for consumption at such banquet, to:

34 (a) Such applicants as may be fixed by the board; and

35 (b) A not-for-profit society or charitable organization as
36 authorized under section 4 of this act;

37 (4) Where the application is for a special permit to consume
38 liquor on the premises of a business not licensed under this title, a

1 special permit to purchase liquor for consumption thereon for such
2 periods of time and to such applicants as may be fixed by the board;

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

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

13 (7) Where the application is for a special permit by an
14 authorized representative of a military installation operated by or
15 for any of the armed forces within the geographical boundaries of the
16 state of Washington, a special permit to purchase liquor for use on
17 such military installation;

18 (8) Where the application is for a special permit by a vendor
19 that manufactures or sells a product which cannot be effectively
20 presented to potential buyers without serving it with liquor or by a
21 manufacturer, importer, or distributor, or representative thereof, to
22 serve liquor without charge to delegates and guests at a convention
23 of a trade association composed of licensees of the board, when the
24 said liquor is served in a hospitality room or from a booth in a
25 board-approved suppliers' display room at the convention, and when
26 the liquor so served is for consumption in the said hospitality room
27 or display room during the convention, anything in this title to the
28 contrary notwithstanding. Any such spirituous liquor must be
29 purchased from a spirits retailer or distributor, and any such liquor
30 is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and
31 66.24.210;

32 (9) Where the application is for a special permit by a
33 manufacturer, importer, or distributor, or representative thereof, to
34 donate liquor for a reception, breakfast, luncheon, or dinner for
35 delegates and guests at a convention of a trade association composed
36 of licensees of the board, when the liquor so donated is for
37 consumption at the said reception, breakfast, luncheon, or dinner
38 during the convention, anything in this title to the contrary
39 notwithstanding. Any such spirituous liquor must be purchased from a

1 spirits retailer or distributor, and any such liquor is subject to
2 the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

3 (10) Where the application is for a special permit by a
4 manufacturer, importer, or distributor, or representative thereof, to
5 donate and/or serve liquor without charge to delegates and guests at
6 an international trade fair, show, or exposition held under the
7 auspices of a federal, state, or local governmental entity or
8 organized and promoted by a nonprofit organization, anything in this
9 title to the contrary notwithstanding. Any such spirituous liquor
10 must be purchased from a liquor spirits retailer or distributor, and
11 any such liquor is subject to the taxes imposed by RCW 82.08.150,
12 66.24.290, and 66.24.210;

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

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

23 (a) The application is from a community or technical college as
24 defined in RCW 28B.50.030, a regional university, or a state
25 university;

26 (b) The person who is permitted to taste under this subsection is
27 enrolled as a student in a required or elective class that is part of
28 a culinary, sommelier, wine business, enology, viticulture, wine
29 technology, beer technology, or spirituous technology-related degree
30 program;

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

35 (d) The service and tasting of alcoholic beverages is supervised
36 by a faculty or staff member of the educational provider who is
37 twenty-one years of age or older. The supervising faculty or staff
38 member (~~shall~~) must possess a class 12 or 13 alcohol server permit
39 under the provisions of RCW 66.20.310;

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

3 (f) The permit fee for the special permit provided for in this
4 subsection (12) must be waived by the board;

5 (13) Where the application is for a special permit by a
6 distillery or craft distillery for an event not open to the general
7 public to be held or conducted at a specific place, including at the
8 licensed premise of the applying distillery or craft distillery, upon
9 a specific date for the purpose of tasting and selling spirits of its
10 own production. The distillery or craft distillery must obtain a
11 permit for a fee of ten dollars per event. An application for the
12 permit must be submitted for private banquet permits prior to the
13 event and, once issued, must be posted in a conspicuous place at the
14 premises for which the permit was issued during all times the permit
15 is in use. No licensee may receive more than twelve permits under
16 this subsection (13) each year;

17 (14) Where the application is for a special permit by a
18 manufacturer of wine for an event not open to the general public to
19 be held or conducted at a specific place upon a specific date for the
20 purpose of tasting and selling wine of its own production. The winery
21 must obtain a permit for a fee of ten dollars per event. An
22 application for the permit must be submitted at least ten days before
23 the event and once issued, must be posted in a conspicuous place at
24 the premises for which the permit was issued during all times the
25 permit is in use. No more than twelve events per year may be held by
26 a single manufacturer under this subsection;

27 (15) Where the application is for a special permit by a
28 manufacturer of beer for an event not open to the general public to
29 be held or conducted at a specific place upon a specific date for the
30 purpose of tasting and selling beer of its own production. The
31 brewery or microbrewery must obtain a permit for a fee of ten dollars
32 per event. An application for the permit must be submitted at least
33 ten days before the event and, once issued, must be posted in a
34 conspicuous place at the premises for which the permit was issued
35 during all times the permit is in use. No more than twelve events per
36 year may be held by a single manufacturer under this subsection;

37 (16) Where the application is for a special permit by an
38 individual or business to sell a private collection of wine or
39 spirits to an individual or business. The seller must obtain a permit
40 at least five business days before the sale, for a fee of twenty-five

1 dollars per sale. The seller must provide an inventory of products
2 sold and the agreed price on a form provided by the board. The seller
3 shall submit the report and taxes due to the board no later than
4 twenty calendar days after the sale. A permit may be issued under
5 this section to allow the sale of a private collection to licensees,
6 but may not be issued to a licensee to sell to a private individual
7 or business which is not otherwise authorized under the license held
8 by the seller. If the liquor is purchased by a licensee, all sales
9 are subject to taxes assessed as on liquor acquired from any other
10 source. The board may adopt rules to implement this section;

11 (17)(a) A special permit, where the application is for a special
12 permit by a nonprofit organization to sell wine through an auction,
13 not open to the public, to be conducted at a specific place, upon a
14 specific date, and to allow wine tastings at the auction of the wine
15 to be auctioned.

16 (b) A permit holder under this subsection (17) may at the
17 specified event:

18 (i) Sell wine by auction for off-premises consumption; and

19 (ii) Allow tastings of samples of the wine to be auctioned at the
20 event.

21 (c) An application is required for a permit under this subsection
22 (17). The application must be submitted prior to the event and once
23 issued must be posted in a conspicuous place at the premises for
24 which the permit was issued during all times the permit is in use.

25 (d) Wine from more than one winery may be sold at the auction;
26 however, each winery selling wine at the auction must be listed on
27 the permit application. Only a single application form may be
28 required for each auction, regardless of the number of wineries that
29 are selling wine at the auction. The total fee per event for a permit
30 issued under this subsection (17) is twenty-five dollars multiplied
31 by the number of wineries that are selling wine at the auction.

32 (e) For the purposes of this subsection (17), "nonprofit
33 organization" means an entity incorporated as a nonprofit
34 organization under Washington state law.

35 (f) The board may adopt rules to implement this section.

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