
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5549

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Lias, King, Hunt, and Braun)

READ FIRST TIME 03/25/19.

1 AN ACT Relating to modernizing resident distillery marketing and
2 sales restrictions; amending RCW 66.24.140, 66.24.145, 66.28.040,
3 66.24.630, and 66.28.310; reenacting and amending RCW 42.56.270;
4 adding new sections to chapter 66.24 RCW; and providing an effective
5 date.

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

7 **Sec. 1.** RCW 66.24.140 and 2017 c 260 s 1 are each amended to
8 read as follows:

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

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

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

19 (c) The board must license stills used and to be used solely and
20 only for laboratory purposes in any school, college, or educational
21 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, for off-premises consumption, spirits of ((its)) the
8 distillery's own production ((for consumption off the premises)),
9 spirits produced by another distillery or craft distillery licensed
10 in this state, or vermouth or sparkling wine products produced by a
11 licensee in this state. A distillery selling spirits or other alcohol
12 authorized under this subsection must comply with the applicable laws
13 and rules relating to retailers;

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

17 (c) ~~((Provide samples subject to the following conditions:~~

18 ~~(i) For the purposes of this subsection, the maximum amount of~~
19 ~~alcohol per person per day is two ounces;~~

20 ~~(ii) Provide free or for a charge one-half ounce or less samples~~
21 ~~of spirits of its own production to persons on the premises of the~~
22 ~~distillery. Spirits samples may be adulterated with nonalcoholic~~
23 ~~mixers, mixers with alcohol of the distiller's own production, water,~~
24 ~~and/or ice;~~

25 ~~(iii) Sell adulterated samples of spirits of their own~~
26 ~~production, water, and/or ice to persons on the premises at the~~
27 ~~distillery; and~~

28 ~~(iv) Every person who participates in any manner in the service~~
29 ~~of these samples must obtain a class 12 alcohol server permit)) Serve~~

30 samples of spirits for free or for a charge, and sell servings of
31 spirits, vermouth, and sparkling wine to customers for on-premises
32 consumption, at the premises of the distillery indoors, outdoors, or
33 in any combination thereof, and at the distillery's off-site tasting
34 rooms in accordance with this chapter, subject to the following
35 conditions:

36 (i) A distillery may provide to customers, for free or for a
37 charge, for on-premises consumption, spirits samples that are one-
38 half ounce or less per sample of spirits, and that may be adulterated
39 with water, ice, other alcohol entitled to be served or sold on the
40 licensed premises under this section, or nonalcoholic mixers;

1 (ii) A distillery may sell, for on-premises consumption, servings
2 of spirits of the distillery's own production or spirits produced by
3 another distillery or craft distillery licensed in this state, which
4 must be adulterated with water, ice, other alcohol entitled to be
5 sold or served on the licensed premises, or nonalcoholic mixers if
6 the revenue derived from the sale of spirits for on-premises
7 consumption under this subsection (2)(c)(ii) does not comprise more
8 than thirty percent of the overall gross revenue earned in the
9 tasting room during the calendar year. Any distiller who sells
10 adulterated products under this subsection, must file an annual
11 report with the board that summarizes the distiller's revenue
12 sources; and

13 (iii) A distillery may sell, for on-premises consumption,
14 servings of vermouth or sparkling wine products produced by a
15 licensee in this state.

16 (3)(a) If a distillery provides or sells spirits or other alcohol
17 products authorized to be sold or provided to customers for on-
18 premises or off-premises consumption that are produced by another
19 distillery, craft distillery, or licensee in this state, then at any
20 one time no more than twenty-five percent of the alcohol stock-
21 keeping units offered or sold by the distillery at its distillery
22 premises and at any off-site tasting rooms licensed under section 3
23 of this act may be vermouth, sparkling wine, or spirits made by
24 another distilled spirits producer or licensee. If a distillery sells
25 fewer than twenty alcohol stock keeping units of products of its own
26 production, it may sell up to five alcohol stock keeping units of
27 another distillery, craft distillery, or licensee in this state.

28 (b) A person is limited to receiving or purchasing, for on-
29 premises consumption, no more than two ounces total of spirits that
30 are unadulterated. Any additional spirits purchased for on-premises
31 consumption must be adulterated as authorized in this section.

32 (c)(i) No person under twenty-one years of age may be on the
33 premises of a distillery tasting room, including an off-site tasting
34 room licensed under section 3 of this act, unless they are
35 accompanied by their parent, legal guardian, or another adult who has
36 responsibility for them.

37 (ii) Every distillery tasting room, including the off-site
38 tasting rooms licensed under section 3 of this act, where alcohol is
39 sampled, sold, or served, must include a designated area where
40 persons under twenty-one years of age are allowed to enter. Such

1 location may be in a separate room or a designated area within the
2 tasting room separated from the remainder of the tasting room space
3 by a forty-two inch tall barrier or such other designation as
4 authorized by the board.

5 (iii) Except for an event where a private party has secured a
6 private banquet permit, no person under twenty-one years of age may
7 be in an area of a distillery tasting room where alcohol is sold,
8 sampled, or served, including the off-site tasting rooms licensed
9 under section 3 of this act, past 8:00 p.m.

10 (iv) Persons under twenty-one years of age who are children of
11 owners, operators, or managers of a distillery or an off-site tasting
12 room licensed under section 3 of this act, may be in any area of a
13 distillery, tasting room, or an off-site tasting room licensed under
14 section 3 of this act, provided they must be under the direct
15 supervision of their parent or guardian while on the premises.

16 (d) Any person serving or selling spirits or other alcohol
17 authorized to be served or sold by a distillery must obtain a class
18 12 alcohol server permit.

19 (e) A distillery may sell nonalcoholic products at retail.

20 **Sec. 2.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to
21 read as follows:

22 (1) (a) Any craft distillery may sell, for off-premises
23 consumption, spirits of its own production (~~for consumption off the~~
24 ~~premises)), spirits produced by another craft distillery or~~
25 distillery licensed in this state, and vermouth and sparkling wine
26 products produced by a licensee in this state.

27 (b) A craft distillery selling spirits or other alcohol
28 authorized under this subsection must comply with the applicable laws
29 and rules relating to retailers.

30 (2) Any craft distillery may contract distilled spirits for, and
31 sell contract distilled spirits to, holders of distillers' or
32 manufacturers' licenses, including licenses issued under RCW
33 66.24.520, or for export.

34 (3) Any craft distillery licensed under this section may
35 (~~provide, free or for a charge, one-half ounce or less samples of~~
36 ~~spirits of its own production to persons on the premises of the~~
37 ~~distillery. The maximum total per person per day is two ounces. Every~~
38 ~~person who participates in any manner in the service of samples must~~

1 obtain a class 12 alcohol server permit. Spirits samples may be
2 adulterated with nonalcoholic mixers, water, and/or ice.

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

7 (b) For each month during which a distillery or craft distillery
8 will sell spirits at a qualifying farmers market, the distillery or
9 craft distillery must provide the board or its designee a list of the
10 dates, times, and locations at which bottled spirits may be offered
11 for sale. This list must be received by the board before the spirits
12 may be offered for sale at a qualifying farmers market.

13 (c) Each approved location in a qualifying farmers market is
14 deemed to be part of the distillery or craft distillery license for
15 the purpose of this title. The approved locations under an
16 endorsement granted under this subsection do not include tasting or
17 sampling privileges. The distillery or craft distillery may not store
18 spirits at a farmers market beyond the hours that the bottled spirits
19 are offered for sale. The distillery or craft distillery may not act
20 as a distributor from a farmers market location.

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

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

1 samples of spirits for free or for a charge, and sell servings of
2 spirits, vermouth, and sparkling wine products to customers for on-
3 premises consumption, at the premises of the distillery indoors,
4 outdoors, or in any combination thereof, and at the distillery's off-
5 site tasting rooms, in accordance with this chapter, subject to the
6 following conditions:

7 (a) A craft distillery may provide to customers, for free or for
8 a charge, for on-premises consumption, spirits samples that are one-
9 half ounce or less per sample of spirits, and that may be adulterated
10 with water, ice, other alcohol entitled to be sold or served on the
11 licensed premises, or nonalcoholic mixers;

12 (b) A craft distillery may sell, for on-premises consumption,
13 servings of spirits of the craft distillery's own production and
14 spirits produced by another craft distillery or distillery licensed
15 in this state, which must be adulterated with water, ice, other
16 alcohol entitled to be sold or served on the licensed premises, or
17 nonalcoholic mixers if the revenue derived from the sale of spirits
18 for on-premises consumption under this subsection (3)(b) does not
19 comprise more than thirty percent of the overall gross revenue earned
20 in the tasting room during the calendar year. Any distiller who sells
21 adulterated products under this subsection, must file an annual
22 report with the board that summarizes the distiller's revenue
23 sources; and

24 (c) A distillery may sell, for on-premises consumption, servings
25 of vermouth or sparkling wine products produced by a licensee in this
26 state.

27 (4)(a) If a craft distillery provides or sells spirits or other
28 alcohol products authorized to be sold or provided to customers for
29 on-premises or off-premises consumption that are produced by another
30 distillery, craft distillery, or licensee in this state, then at any
31 one time no more than twenty-five percent of the alcohol stock-
32 keeping units offered or sold by the craft distillery at its craft
33 distillery premises and at any off-site tasting rooms licensed under
34 section 3 of this act may be vermouth, sparkling wine, or spirits
35 made by another distilled spirits producer or licensee. If a
36 distillery sells fewer than twenty alcohol stock keeping units of
37 products of its own production, it may sell up to five alcohol stock
38 keeping units of another distillery, craft distillery, or licensee in
39 this state.

1 (b) A person is limited to receiving or purchasing, for on-
2 premises consumption, no more than two ounces total of spirits that
3 are unadulterated. Any additional spirits purchased for on-premises
4 consumption must be adulterated.

5 (c) Any person serving or selling spirits or other alcohol
6 authorized to be served or sold by a craft distillery must obtain a
7 class 12 alcohol server permit.

8 (5) The board must adopt rules to implement the alcohol server
9 permit requirement and may adopt additional rules to implement this
10 section.

11 (6) Distilling is an agricultural practice.

12 (7)(a) No person under twenty-one years of age may be on the
13 premises of a craft distillery tasting room, including an off-site
14 tasting room licensed under section 3 of this act, unless they are
15 accompanied by their parent, legal guardian, or another adult who has
16 responsibility for them.

17 (b) Every craft distillery tasting room, including the off-site
18 tasting rooms licensed under section 3 of this act, where alcohol is
19 sampled, sold, or served, must include a designated area where
20 persons under twenty-one years of age are allowed to enter. Such
21 location may be in a separate room or a designated area within the
22 tasting room separated from the remainder of the tasting room space
23 by a forty-two inch tall barrier or such other designation as
24 authorized by the board.

25 (c) Except for an event where a private party has secured a
26 private banquet permit, no person under twenty-one years of age may
27 be in an area of a craft distillery tasting room where alcohol is
28 sold, sampled, or served, including the off-site tasting rooms
29 licensed under section 3 of this act, past 8:00 p.m.

30 (d) Persons under twenty-one years of age who are children of
31 owners, operators, or managers of a craft distillery or an off-site
32 tasting room licensed under section 3 of this act, may be in any area
33 of a licensed craft distillery, tasting room, or an off-site tasting
34 room licensed under section 3 of this act, provided they must be
35 under the direct supervision of their parent or guardian while on the
36 premises.

37 (8) A craft distillery may sell nonalcoholic products at retail.

38 NEW SECTION. Sec. 3. A new section is added to chapter 66.24
39 RCW to read as follows:

1 (1) (a) There is a tasting room license available to distillery
2 and craft distillery licensees. A tasting room license authorizes the
3 operation of an off-site tasting room, in addition to a tasting room
4 attached to the distillery's or craft distillery's production
5 facility, at which the licensee may sample, serve, and sell spirits
6 and alcohol products authorized to be sampled, served, and sold under
7 RCW 66.24.140 and 66.24.145, for on-premises and off-premises
8 consumption, subject to the same limitations as provided in RCW
9 66.24.140 and 66.24.145.

10 (b) A distillery or craft distillery licensed production facility
11 is eligible for no more than two off-site tasting room licenses
12 located in this state, which may be indoors, or outdoors or a
13 combination thereof, and which shall be administratively tied to a
14 licensed production facility. A separate license is required for the
15 operation of each off-site tasting room. The fee for each off-site
16 tasting room license is two thousand dollars per annum. No additional
17 license is required for a distillery or craft distillery to sample,
18 serve, and sell spirits and alcohol to customers in a tasting room on
19 the distillery or craft distillery premises as authorized under this
20 section, section 4 of this act, RCW 66.24.140, 66.24.145, 66.28.040,
21 66.24.630, and 66.28.310. Off-site tasting rooms may have a section
22 identified and segregated as federally bonded spaces for the storage
23 of bulk or packaged spirits. Product of the licensee's production may
24 be bottled or packaged in the space.

25 (2) (a) Except for an event in which a private party has secured a
26 private banquet permit, after 9:00 p.m. no person under twenty-one
27 years of age may enter or remain on the premises of a tasting room
28 licensed under this section.

29 (b) Any person serving or selling spirits or other alcohol
30 authorized to be served or sold by a craft distillery must obtain a
31 class 12 alcohol server permit.

32 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.24
33 RCW to read as follows:

34 (1) Of the off-site tasting rooms allowed in this chapter, any
35 distillery, craft distillery, domestic winery, or any combination of
36 licensees thereof, licensed under this chapter may jointly occupy and
37 co-operate up to two off-site locations, which may be indoors,
38 outdoors, or a combination thereof, at which they may sample, serve,
39 and sell products of their own production and products authorized to

1 be sampled, served, and sold under the terms of their license. The
2 licensees must maintain separate storage of products and separate
3 financials. The distillery or craft distillery tasting rooms
4 referenced in this section shall be the off-site tasting rooms
5 allowed, and have the privileges and limitations provided in this
6 chapter. This section does not create additional numbers of
7 authorized tasting rooms beyond what is authorized by this section,
8 section 3 of this act, and in RCW 66.24.140, 66.24.145, 66.28.040,
9 66.24.630, and 66.28.310.

10 (2) Any domestic brewery, microbrewery, domestic winery,
11 distillery, or craft distillery licensed under this chapter, or any
12 combination of licensees thereof, whose property parcels or buildings
13 are located in direct physical proximity to one another may share a
14 standing or seated tasting area for patrons to use, which may be
15 indoors, outdoors, or a combination thereof. Each licensee may
16 sample, serve, and sell products the licensee is authorized to
17 sample, serve, and sell under the terms of its license, for on-
18 premises consumption in the jointly operated consumption area. Each
19 licensee must use distinctly marked glassware or serving containers
20 to identify the source of any product being consumed. The distillery
21 or craft distillery tasting rooms shall be the on-site or off-site
22 tasting rooms allowed, and have the privileges and limitations
23 provided in this chapter.

24 (3) Licensees operating under this section must comply with the
25 applicable laws and rules relating to retailers.

26 (4) Licensees operating under this section must comply with all
27 applicable laws and rules relating to sampling and serving, as may be
28 allowed by their license type.

29 (5) All licensees who participate in:

30 (a) A jointly operated off-premises location allowed under
31 subsection (1) of this section, or

32 (b) A conjoined consumption area allowed under subsection (2) of
33 this section must share staffing resources. All participating
34 licensees shall be jointly responsible for any violation or
35 enforcement issues unless it can be demonstrated that the violation
36 or enforcement issue was due to one or more licensee's specific
37 conduct or action, in which case the violation or enforcement applies
38 only to those identified licensees.

39 (6) Every person who participates in any manner in the sale or
40 service of samples or servings of spirits must obtain a class 12

1 alcohol server permit. Every person who participates in any manner in
2 the sale or service of samples or servings of beer and wine must
3 obtain a class 12 or class 13 alcohol server permit.

4 **Sec. 5.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to
5 read as follows:

6 (1) Except as permitted by the board under RCW 66.20.010, or as
7 allowed under this title, no domestic brewery, microbrewery,
8 distributor, distiller, domestic winery, importer, rectifier,
9 certificate of approval holder, or other manufacturer of liquor may,
10 within the state of Washington, give to any person any liquor(~~+~~
11 ~~but~~) without charge.

12 (2) Nothing in this section nor in RCW 66.28.305 prevents a
13 domestic brewery, microbrewery, distributor, domestic winery,
14 distiller, certificate of approval holder, or importer from
15 furnishing samples of beer, wine, or spirituous liquor to authorized
16 licensees for the purpose of negotiating a sale, in accordance with
17 regulations adopted by the liquor and cannabis board, provided that
18 the samples are subject to taxes imposed by RCW 66.24.290 and
19 66.24.210(~~+~~).

20 (3) Nothing in this section prevents a domestic brewery,
21 microbrewery, domestic winery, distillery, certificate of approval
22 holder, or distributor from furnishing beer, wine, or spirituous
23 liquor for instructional purposes under RCW 66.28.150(~~+~~).

24 (4) Nothing in this section prevents a domestic winery,
25 certificate of approval holder, or distributor from furnishing wine
26 without charge, subject to the taxes imposed by RCW 66.24.210, to a
27 not-for-profit group organized and operated solely for the purpose of
28 enology or the study of viticulture which has been in existence for
29 at least six months and that uses wine so furnished solely for such
30 educational purposes or a domestic winery, or an out-of-state
31 certificate of approval holder, from furnishing wine without charge
32 or a domestic brewery, or an out-of-state certificate of approval
33 holder, from furnishing beer without charge, subject to the taxes
34 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
35 licensed under RCW 66.24.140 or an accredited representative of a
36 distiller, manufacturer, importer, or distributor of spirituous
37 liquor licensed under RCW 66.24.310, from furnishing spirits without
38 charge, to a nonprofit charitable corporation or association exempt
39 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal

1 revenue code of 1986 for use consistent with the purpose or purposes
2 entitling it to such exemption((†)).

3 (5) Nothing in this section prevents a domestic brewery or
4 microbrewery from serving beer without charge, on the brewery
5 premises((†)).

6 (6) Nothing in this section prevents donations of wine for the
7 purposes of RCW 66.12.180((†)).

8 (7) Nothing in this section prevents a domestic winery from
9 serving wine without charge, on the winery premises((†and)).

10 (8) Nothing in this section prevents a craft distillery from
11 serving spirits, ((on the distillery premises subject to RCW
12 66.24.145)) including spirits adulterated with other alcohol entitled
13 to be served or sold under RCW 66.24.140 or 66.24.145, to customers
14 on the distillery premises or at an off-site tasting room as
15 authorized under the terms of the license.

16 **Sec. 6.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read
17 as follows:

18 (1) There is a spirits retail license to: Sell spirits in
19 original containers to consumers for consumption off the licensed
20 premises and to permit holders; sell spirits in original containers
21 to retailers licensed to sell spirits for consumption on the
22 premises, for resale at their licensed premises according to the
23 terms of their licenses, although no single sale may exceed twenty-
24 four liters, unless the sale is by a licensee that was a contract
25 liquor store manager of a contract liquor store at the location of
26 its spirits retail licensed premises from which it makes such sales;
27 and export spirits.

28 (2) For the purposes of this title, a spirits retail license is a
29 retail license, and a sale by a spirits retailer is a retail sale
30 only if not for resale. Nothing in this title authorizes sales by on-
31 sale licensees to other retail licensees. The board must establish by
32 rule an obligation of on-sale spirits retailers to:

33 (a) Maintain a schedule by stock-keeping unit of all their
34 purchases of spirits from spirits retail licensees, including
35 combination spirits, beer, and wine licensees holding a license
36 issued pursuant to RCW 66.24.035, indicating the identity of the
37 seller and the quantities purchased; and

38 (b) Provide, not more frequently than quarterly, a report for
39 each scheduled item containing the identity of the purchasing on-

1 premises licensee and the quantities of that scheduled item purchased
2 since any preceding report to:

3 (i) A distributor authorized by the distiller to distribute a
4 scheduled item in the on-sale licensee's geographic area; or

5 (ii) A distiller acting as distributor of the scheduled item in
6 the area.

7 (3)(a) Except as otherwise provided in (c) of this subsection,
8 the board may issue spirits retail licenses only for premises
9 comprising at least ten thousand square feet of fully enclosed retail
10 space within a single structure, including storerooms and other
11 interior auxiliary areas but excluding covered or fenced exterior
12 areas, whether or not attached to the structure, and only to
13 applicants that the board determines will maintain systems for
14 inventory management, employee training, employee supervision, and
15 physical security of the product substantially as effective as those
16 of stores currently operated by the board with respect to preventing
17 sales to or pilferage by underage or inebriated persons.

18 (b) License issuances and renewals are subject to RCW 66.24.010
19 and the regulations adopted thereunder, including without limitation
20 rights of cities, towns, county legislative authorities, the public,
21 churches, schools, and public institutions to object to or prevent
22 issuance of local liquor licenses. However, existing grocery premises
23 licensed to sell beer and/or wine are deemed to be premises "now
24 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
25 applications for spirits retail licenses.

26 (c) The board may not deny a spirits retail license to an
27 otherwise qualified contract liquor store at its contract location or
28 to the holder of former state liquor store operating rights sold at
29 auction under RCW 66.24.620 on the grounds of location, nature, or
30 size of the premises to be licensed. The board may not deny a spirits
31 retail license to applicants that are not contract liquor stores or
32 operating rights holders on the grounds of the size of the premises
33 to be licensed, if such applicant is otherwise qualified and the
34 board determines that:

35 (i) There is no spirits retail license holder in the trade area
36 that the applicant proposes to serve;

37 (ii) The applicant meets, or upon licensure will meet, the
38 operational requirements established by the board by rule; and

39 (iii) The licensee has not committed more than one public safety
40 violation within the three years preceding application.

1 (d) A retailer authorized to sell spirits for consumption on or
2 off the licensed premises may accept delivery of spirits at its
3 licensed premises, at another licensed premises as designated by the
4 retailer, or at one or more warehouse facilities registered with the
5 board, which facilities may also warehouse and distribute nonliquor
6 items, and from which the retailer may deliver to its own licensed
7 premises and, pursuant to sales permitted under subsection (1) of
8 this section:

9 (i) To other retailer premises licensed to sell spirits for
10 consumption on the licensed premises;

11 (ii) To other registered facilities; or

12 (iii) To lawful purchasers outside the state. The facilities may
13 be registered and utilized by associations, cooperatives, or
14 comparable groups of retailers, including at least one retailer
15 licensed to sell spirits.

16 (e) For purposes of negotiating volume discounts, a group of
17 individual retailers authorized to sell spirits for consumption off
18 the licensed premises may accept delivery of spirits at their
19 individual licensed premises or at any one of the individual
20 licensee's premises, or at a warehouse facility registered with the
21 board.

22 (4) (a) Except as otherwise provided in RCW 66.24.632, or in (b)
23 of this subsection, each spirits retail licensee must pay to the
24 board, for deposit into the liquor revolving fund, a license issuance
25 fee equivalent to seventeen percent of all spirits sales revenues
26 under the license, exclusive of taxes collected by the licensee and
27 of sales of items on which a license fee payable under this section
28 has otherwise been incurred. The board must establish rules setting
29 forth the timing of such payments and reporting of sales dollar
30 volume by the licensee, with payments required quarterly in arrears.
31 The first payment is due October 1, 2012.

32 (b) This subsection (4) does not apply to craft distilleries for
33 sales of spirits of the craft distillery's own production.

34 (5) In addition to the payment required under subsection (4) of
35 this section, each licensee must pay an annual license renewal fee of
36 one hundred sixty-six dollars. The board must periodically review and
37 adjust the renewal fee as may be required to maintain it as
38 comparable to annual license renewal fees for licenses to sell beer
39 and wine not for consumption on the licensed premises. If required by

1 law at the time, any increase of the annual renewal fee becomes
2 effective only upon ratification by the legislature.

3 (6) As a condition to receiving and renewing a spirits retail
4 license the licensee must provide training as prescribed by the board
5 by rule for individuals who sell spirits or who manage others who
6 sell spirits regarding compliance with laws and regulations regarding
7 sale of spirits, including without limitation the prohibitions
8 against sale of spirits to individuals who are underage or visibly
9 intoxicated. The training must be provided before the individual
10 first engages in the sale of spirits and must be renewed at least
11 every five years. The licensee must maintain records documenting the
12 nature and frequency of the training provided. An employee training
13 program is presumptively sufficient if it incorporates a "responsible
14 vendor program" adopted by the board.

15 (7) The maximum penalties prescribed by the board in WAC
16 314-29-020 through 314-29-040 relating to fines and suspensions are
17 doubled for violations relating to the sale of spirits by spirits
18 retail licensees.

19 (8)(a) The board must adopt regulations concerning the adoption
20 and administration of a compliance training program for spirits
21 retail licensees, to be known as a "responsible vendor program," to
22 reduce underage drinking, encourage licensees to adopt specific best
23 practices to prevent sales to minors, and provide licensees with an
24 incentive to give their employees ongoing training in responsible
25 alcohol sales and service.

26 (b) Licensees who join the responsible vendor program under this
27 section and maintain all of the program's requirements are not
28 subject to the doubling of penalties provided in this section for a
29 single violation in any period of twelve calendar months.

30 (c) The responsible vendor program must be free, voluntary, and
31 self-monitoring.

32 (d) To participate in the responsible vendor program, licensees
33 must submit an application form to the board. If the application
34 establishes that the licensee meets the qualifications to join the
35 program, the board must send the licensee a membership certificate.

36 (e) A licensee participating in the responsible vendor program
37 must at a minimum:

38 (i) Provide ongoing training to employees;

39 (ii) Accept only certain forms of identification for alcohol
40 sales;

1 (iii) Adopt policies on alcohol sales and checking
2 identification;

3 (iv) Post specific signs in the business; and

4 (v) Keep records verifying compliance with the program's
5 requirements.

6 (f)(i) A spirits retail licensee that also holds a grocery store
7 license under RCW 66.24.360 or a beer and/or wine specialty shop
8 license under RCW 66.24.371 may, upon board approval and pursuant to
9 board rules, transition to a combination spirits, beer, and wine
10 license pursuant to RCW 66.24.035.

11 (ii) An applicant that would qualify for a spirits retail license
12 under this section and that qualifies for a combination spirits,
13 beer, and wine license pursuant to RCW 66.24.035 may apply for a
14 license pursuant to RCW 66.24.035 instead of applying for a spirits
15 retail license under this section.

16 **Sec. 7.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to read
17 as follows:

18 (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from
19 providing retailers branded promotional items which are of nominal
20 value, singly or in the aggregate. Such items include but are not
21 limited to: Trays, lighters, blotters, postcards, pencils, coasters,
22 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or
23 can openers, corkscrews, matches, printed recipes, shirts, hats,
24 visors, and other similar items. Branded promotional items:

25 (i) Must be used exclusively by the retailer or its employees in
26 a manner consistent with its license;

27 (ii) Must bear imprinted advertising matter of the industry
28 member only, except imprinted advertising matter of the industry
29 member can include the logo of a professional sports team which the
30 industry member is licensed to use;

31 (iii) May be provided by industry members only to retailers and
32 their employees and may not be provided by or through retailers or
33 their employees to retail customers; and

34 (iv) May not be targeted to or appeal principally to youth.

35 (b) An industry member is not obligated to provide any such
36 branded promotional items, and a retailer may not require an industry
37 member to provide such branded promotional items as a condition for
38 selling any alcohol to the retailer.

1 (c) Any industry member or retailer or any other person asserting
2 that the provision of branded promotional items as allowed in (a) of
3 this subsection has resulted or is more likely than not to result in
4 undue influence or an adverse impact on public health and safety, or
5 is otherwise inconsistent with the criteria in (a) of this subsection
6 may file a complaint with the board. Upon receipt of a complaint the
7 board may conduct such investigation as it deems appropriate in the
8 circumstances. If the investigation reveals the provision of branded
9 promotional items has resulted in or is more likely than not to
10 result in undue influence or has resulted or is more likely than not
11 to result in an adverse impact on public health and safety or is
12 otherwise inconsistent with (a) of this subsection the board may
13 issue an administrative violation notice to the industry member, to
14 the retailer, or both. The recipient of the administrative violation
15 notice may request a hearing under chapter 34.05 RCW.

16 (2) Nothing in RCW 66.28.305 prohibits:

17 (a) An industry member from providing to a special occasion
18 licensee and a special occasion licensee from receiving services for:

19 (i) Installation of draft beer dispensing equipment or
20 advertising;

21 (ii) Advertising, pouring, or dispensing of beer or wine at a
22 beer or wine tasting exhibition or judging event; or

23 (iii) Pouring or dispensing of spirits by a licensed domestic
24 distiller or the accredited representative of a distiller,
25 manufacturer, importer, or distributor of spirituous liquor licensed
26 under RCW 66.24.310; or

27 (b) Special occasion licensees from paying for beer, wine, or
28 spirits immediately following the end of the special occasion event;
29 or

30 (c) Wineries, breweries, or distilleries that are participating
31 in a special occasion event from paying reasonable booth fees to the
32 special occasion licensee.

33 (3) Nothing in RCW 66.28.305 prohibits industry members from
34 performing, and retailers from accepting the service of building,
35 rotating, and restocking displays and stockroom inventories; rotating
36 and rearranging can and bottle displays of their own products;
37 providing point of sale material and brand signs; pricing case goods
38 of their own brands; and performing such similar business services
39 consistent with board rules, or personal services as described in
40 subsection (5) of this section.

1 (4) Nothing in RCW 66.28.305 prohibits:

2 (a) Industry members from listing on their internet web sites
3 information related to retailers who sell or promote their products,
4 including direct links to the retailers' internet web sites; and

5 (b) Retailers from listing on their internet web sites
6 information related to industry members whose products those
7 retailers sell or promote, including direct links to the industry
8 members' web sites; or

9 (c) Industry members and retailers from producing, jointly or
10 together with regional, state, or local industry associations,
11 brochures and materials promoting tourism in Washington state which
12 contain information regarding retail licensees, industry members, and
13 their products.

14 (5) Nothing in RCW 66.28.305 prohibits the performance of
15 personal services offered from time to time by a domestic winery or
16 certificate of approval holder to retailers when the personal
17 services are (a) conducted at a licensed premises, and (b) intended
18 to inform, educate, or enhance customers' knowledge or experience of
19 the manufacturer's products. The performance of personal services may
20 include participation and pouring, bottle signing events, and other
21 similar informational or educational activities at the premises of a
22 retailer holding a spirits, beer, and wine restaurant license, a wine
23 and/or beer restaurant license, a specialty wine shop license, a
24 special occasion license, a grocery store license with a tasting
25 endorsement, or a private club license. A domestic winery or
26 certificate of approval holder is not obligated to perform any such
27 personal services, and a retail licensee may not require a domestic
28 winery or certificate of approval holder to conduct any personal
29 service as a condition for selling any alcohol to the retail
30 licensee, or as a condition for including any product of the domestic
31 winery or certificate of approval holder in any tasting conducted by
32 the licensee. Except as provided in RCW 66.28.150, the cost of
33 sampling may not be borne, directly or indirectly, by any domestic
34 winery or certificate of approval holder or any distributor. Nothing
35 in this section prohibits wineries, breweries, microbreweries,
36 certificate of approval holders, and retail licensees from
37 identifying the producers on private labels authorized under RCW
38 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

39 (6) Nothing in RCW 66.28.305 prohibits an industry member from
40 entering into an arrangement with any holder of a sports

1 entertainment facility license or an affiliated business for brand
2 advertising at the licensed facility or promoting events held at the
3 sports entertainment facility as authorized under RCW 66.24.570.

4 (7) Nothing in RCW 66.28.305 prohibits the performance of
5 personal services offered from time to time by a domestic brewery,
6 microbrewery, or beer certificate of approval holder to grocery store
7 licensees with a tasting endorsement when the personal services are
8 (a) conducted at a licensed premises in conjunction with a tasting
9 event, and (b) intended to inform, educate, or enhance customers'
10 knowledge or experience of the manufacturer's products. The
11 performance of personal services may include participation and
12 pouring, bottle signing events, and other similar informational or
13 educational activities. A domestic brewery, microbrewery, or beer
14 certificate of approval holder is not obligated to perform any such
15 personal services, and a grocery store licensee may not require the
16 performance of any personal service as a condition for including any
17 product in any tasting conducted by the licensee.

18 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a
19 domestic winery and a restaurant licensed under RCW 66.24.320 or
20 66.24.400 to waive a corkage fee.

21 (9) Nothing in this section prohibits professional sports teams
22 who hold a retail liquor license or their agents from accepting bona
23 fide liquor advertising from manufacturers, importers, distributors,
24 or their agents for use in the sporting arena. Professional sports
25 teams who hold a retail liquor license or their agents may license
26 the manufacturer, importer, distributor, or their agents to use the
27 name and trademarks of the professional sports team in their
28 advertising and promotions, under the following conditions:

29 (a) Such advertising must be paid for by said manufacturer,
30 importer, distributor, or their agent at the published advertising
31 rate or at a reasonable fair market value.

32 (b) Such advertising may carry with it no express or implied
33 offer on the part of the manufacturer, importer, distributor, or
34 their agent, or promise on the part of the retail licensee whose
35 operation is directly or indirectly part of the sporting arena, to
36 stock or list any particular brand of liquor to the total or partial
37 exclusion of any other brand.

38 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic
39 brewery or microbrewery from providing branded promotional items
40 which are of nominal value, singly or in the aggregate, to a

1 nonprofit charitable corporation or association exempt from taxation
2 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it
3 existed on July 24, 2015, for use consistent with the purpose or
4 purposes entitling it to such exemption.

5 (11) Nothing in RCW 66.28.305 prohibits a distillery, craft
6 distillery, or spirits certificate of approval holder from providing
7 branded promotional items which are of nominal value, singly or in
8 the aggregate, to a nonprofit charitable corporation or association
9 exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the
10 federal internal revenue code of 1986, as amended, as of the
11 effective date of this section, for use consistent with the purpose
12 or purposes entitling it to such exemption.

13 **Sec. 8.** RCW 42.56.270 and 2018 c 201 s 8008, 2018 c 196 c 21,
14 and 2018 c 4 s 9 are each reenacted and amended to read as follows:

15 The following financial, commercial, and proprietary information
16 is exempt from disclosure under this chapter:

17 (1) Valuable formulae, designs, drawings, computer source code or
18 object code, and research data obtained by any agency within five
19 years of the request for disclosure when disclosure would produce
20 private gain and public loss;

21 (2) Financial information supplied by or on behalf of a person,
22 firm, or corporation for the purpose of qualifying to submit a bid or
23 proposal for (a) a ferry system construction or repair contract as
24 required by RCW 47.60.680 through 47.60.750 or (b) highway
25 construction or improvement as required by RCW 47.28.070;

26 (3) Financial and commercial information and records supplied by
27 private persons pertaining to export services provided under chapters
28 43.163 and 53.31 RCW, and by persons pertaining to export projects
29 under RCW 43.23.035;

30 (4) Financial and commercial information and records supplied by
31 businesses or individuals during application for loans or program
32 services provided by chapters 43.325, 43.163, 43.160, 43.330, and
33 43.168 RCW, or during application for economic development loans or
34 program services provided by any local agency;

35 (5) Financial information, business plans, examination reports,
36 and any information produced or obtained in evaluating or examining a
37 business and industrial development corporation organized or seeking
38 certification under chapter 31.24 RCW;

1 (6) Financial and commercial information supplied to the state
2 investment board by any person when the information relates to the
3 investment of public trust or retirement funds and when disclosure
4 would result in loss to such funds or in private loss to the
5 providers of this information;

6 (7) Financial and valuable trade information under RCW 51.36.120;

7 (8) Financial, commercial, operations, and technical and research
8 information and data submitted to or obtained by the clean Washington
9 center in applications for, or delivery of, program services under
10 chapter 70.95H RCW;

11 (9) Financial and commercial information requested by the public
12 stadium authority from any person or organization that leases or uses
13 the stadium and exhibition center as defined in RCW 36.102.010;

14 (10)(a) Financial information, including but not limited to
15 account numbers and values, and other identification numbers supplied
16 by or on behalf of a person, firm, corporation, limited liability
17 company, partnership, or other entity related to an application for a
18 horse racing license submitted pursuant to RCW 67.16.260(1)(b),
19 marijuana producer, processor, or retailer license, liquor license,
20 gambling license, or lottery retail license;

21 (b) Internal control documents, independent auditors' reports and
22 financial statements, and supporting documents: (i) Of house-banked
23 social card game licensees required by the gambling commission
24 pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted
25 by tribes with an approved tribal/state compact for class III gaming;

26 (11) Proprietary data, trade secrets, or other information that
27 relates to: (a) A vendor's unique methods of conducting business; (b)
28 data unique to the product or services of the vendor; or (c)
29 determining prices or rates to be charged for services, submitted by
30 any vendor to the department of social and health services or the
31 health care authority for purposes of the development, acquisition,
32 or implementation of state purchased health care as defined in RCW
33 41.05.011;

34 (12)(a) When supplied to and in the records of the department of
35 commerce:

36 (i) Financial and proprietary information collected from any
37 person and provided to the department of commerce pursuant to RCW
38 43.330.050(8); and

39 (ii) Financial or proprietary information collected from any
40 person and provided to the department of commerce or the office of

1 the governor in connection with the siting, recruitment, expansion,
2 retention, or relocation of that person's business and until a siting
3 decision is made, identifying information of any person supplying
4 information under this subsection and the locations being considered
5 for siting, relocation, or expansion of a business;

6 (b) When developed by the department of commerce based on
7 information as described in (a)(i) of this subsection, any work
8 product is not exempt from disclosure;

9 (c) For the purposes of this subsection, "siting decision" means
10 the decision to acquire or not to acquire a site;

11 (d) If there is no written contact for a period of sixty days to
12 the department of commerce from a person connected with siting,
13 recruitment, expansion, retention, or relocation of that person's
14 business, information described in (a)(ii) of this subsection will be
15 available to the public under this chapter;

16 (13) Financial and proprietary information submitted to or
17 obtained by the department of ecology or the authority created under
18 chapter 70.95N RCW to implement chapter 70.95N RCW;

19 (14) Financial, commercial, operations, and technical and
20 research information and data submitted to or obtained by the life
21 sciences discovery fund authority in applications for, or delivery
22 of, grants under chapter 43.350 RCW, to the extent that such
23 information, if revealed, would reasonably be expected to result in
24 private loss to the providers of this information;

25 (15) Financial and commercial information provided as evidence to
26 the department of licensing as required by RCW 19.112.110 or
27 19.112.120, except information disclosed in aggregate form that does
28 not permit the identification of information related to individual
29 fuel licensees;

30 (16) Any production records, mineral assessments, and trade
31 secrets submitted by a permit holder, mine operator, or landowner to
32 the department of natural resources under RCW 78.44.085;

33 (17)(a) Farm plans developed by conservation districts, unless
34 permission to release the farm plan is granted by the landowner or
35 operator who requested the plan, or the farm plan is used for the
36 application or issuance of a permit;

37 (b) Farm plans developed under chapter 90.48 RCW and not under
38 the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject
39 to RCW 42.56.610 and 90.64.190;

1 (18) Financial, commercial, operations, and technical and
2 research information and data submitted to or obtained by a health
3 sciences and services authority in applications for, or delivery of,
4 grants under RCW 35.104.010 through 35.104.060, to the extent that
5 such information, if revealed, would reasonably be expected to result
6 in private loss to providers of this information;

7 (19) Information gathered under chapter 19.85 RCW or RCW
8 34.05.328 that can be identified to a particular business;

9 (20) Financial and commercial information submitted to or
10 obtained by the University of Washington, other than information the
11 university is required to disclose under RCW 28B.20.150, when the
12 information relates to investments in private funds, to the extent
13 that such information, if revealed, would reasonably be expected to
14 result in loss to the University of Washington consolidated endowment
15 fund or to result in private loss to the providers of this
16 information;

17 (21) Market share data submitted by a manufacturer under RCW
18 70.95N.190(4);

19 (22) Financial information supplied to the department of
20 financial institutions or to a portal under RCW 21.20.883, when filed
21 by or on behalf of an issuer of securities for the purpose of
22 obtaining the exemption from state securities registration for small
23 securities offerings provided under RCW 21.20.880 or when filed by or
24 on behalf of an investor for the purpose of purchasing such
25 securities;

26 (23) Unaggregated or individual notices of a transfer of crude
27 oil that is financial, proprietary, or commercial information,
28 submitted to the department of ecology pursuant to RCW
29 90.56.565(1)(a), and that is in the possession of the department of
30 ecology or any entity with which the department of ecology has shared
31 the notice pursuant to RCW 90.56.565;

32 (24) Financial institution and retirement account information,
33 and building security plan information, supplied to the liquor and
34 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and
35 69.50.345, when filed by or on behalf of a licensee or prospective
36 licensee for the purpose of obtaining, maintaining, or renewing a
37 license to produce, process, transport, or sell marijuana as allowed
38 under chapter 69.50 RCW;

39 (25) Marijuana transport information, vehicle and driver
40 identification data, and account numbers or unique access identifiers

1 issued to private entities for traceability system access, submitted
2 by an individual or business to the liquor and cannabis board under
3 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and
4 69.50.345 for the purpose of marijuana product traceability.
5 Disclosure to local, state, and federal officials is not considered
6 public disclosure for purposes of this section;

7 (26) Financial and commercial information submitted to or
8 obtained by the retirement board of any city that is responsible for
9 the management of an employees' retirement system pursuant to the
10 authority of chapter 35.39 RCW, when the information relates to
11 investments in private funds, to the extent that such information, if
12 revealed, would reasonably be expected to result in loss to the
13 retirement fund or to result in private loss to the providers of this
14 information except that (a) the names and commitment amounts of the
15 private funds in which retirement funds are invested and (b) the
16 aggregate quarterly performance results for a retirement fund's
17 portfolio of investments in such funds are subject to disclosure;

18 (27) Proprietary financial, commercial, operations, and technical
19 and research information and data submitted to or obtained by the
20 liquor and cannabis board in applications for marijuana research
21 licenses under RCW 69.50.372, or in reports submitted by marijuana
22 research licensees in accordance with rules adopted by the liquor and
23 cannabis board under RCW 69.50.372;

24 (28) Trade secrets, technology, proprietary information, and
25 financial considerations contained in any agreements or contracts,
26 entered into by a licensed marijuana business under RCW 69.50.395,
27 which may be submitted to or obtained by the state liquor and
28 cannabis board; ~~((and))~~

29 (29) Financial, commercial, operations, and technical and
30 research information and data submitted to or obtained by the Andy
31 Hill cancer research endowment program in applications for, or
32 delivery of, grants under chapter 43.348 RCW, to the extent that such
33 information, if revealed, would reasonably be expected to result in
34 private loss to providers of this information; ~~((and))~~

35 (30) Proprietary information filed with the department of health
36 under chapter 69.48 RCW; and

37 (31) Unaggregated financial, proprietary, or commercial
38 information submitted to or obtained by the liquor and cannabis board
39 in applications for licenses under RCW 66.24.140 or 66.24.145, or in
40 any reports or remittances submitted by a person licensed under RCW

1 66.24.140 or 66.24.145 under rules adopted by the liquor and cannabis
2 board under chapter 66.08 RCW.

3 NEW SECTION. **Sec. 9.** If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected.

7 NEW SECTION. **Sec. 10.** This act takes effect January 1, 2020.

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