

SHB 2609 - H AMD 1022

By Representative Tarleton

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 66.24.140 and 2017 c 260 s 1 are each amended to
4 read as follows:

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

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

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

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

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

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

24 (a) Sell, for off-premises consumption, spirits of ((its)) the
25 distillery's own production ((for consumption off the premises)),
26 spirits produced by another distillery or craft distillery licensed
27 in this state, or vermouth or sparkling wine products produced by a
28 licensee in this state. A distillery selling spirits or other alcohol
29 authorized under this subsection must comply with the applicable laws
30 and rules relating to retailers;

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

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

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

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

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

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

17 samples of spirits for free or for a charge, and sell servings of
18 spirits, vermouth, and sparkling wine to customers for on-premises
19 consumption, at the premises of the distillery and at the
20 distillery's off-site tasting rooms in accordance with section 3 of
21 this act, subject to the following conditions:

22 (i) A distillery may provide to customers, for free or for a
23 charge, for on-premises consumption, spirits samples that are one-
24 half ounce or less per sample of spirits, and that may be adulterated
25 with water, ice, other alcohol entitled to be served or sold on the
26 licensed premises under this section, or nonalcoholic mixers. A
27 person receiving free samples of spirits is limited to receiving no
28 more than a total of two ounces of free spirits and other free
29 alcohol, combined, per day;

30 (ii) A distillery may sell, for on-premises consumption, servings
31 of spirits of the distillery's own production or spirits produced by
32 another distillery or craft distillery licensed in this state, which
33 must be adulterated with water, ice, other alcohol entitled to be
34 sold or served on the licensed premises, or nonalcoholic mixers; and

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

38 (3)(a) If a distillery provides or sells spirits or other alcohol
39 products authorized to be sold or provided to customers for on-
40 premises or off-premises consumption that are produced by another

1 distillery, craft distillery, or licensee in this state, then at any
2 one time no more than twenty-five percent of the alcohol stock-
3 keeping units offered or sold by the distillery at its distillery
4 premises and at any off-site tasting rooms licensed under section 3
5 of this act may be vermouth, sparkling wine, or spirits made by
6 another distilled spirits producer or licensee.

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

11 (c) No person under twenty-one years of age may enter or remain
12 on a distillery's premises in an area where alcohol is sampled, sold,
13 or served, or on the premises of a distillery's off-site tasting room
14 licensed under section 3 of this act.

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

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

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

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

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

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

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

1 ~~(4))~~ serve samples of spirits for free or for a charge, and sell
2 servings of spirits, vermouth, and sparkling wine products to
3 customers for on-premises consumption, at the premises of the
4 distillery and at the distillery's off-site tasting rooms, subject to
5 the following conditions:

6 (a) A craft distillery may provide to customers, for free or for
7 a charge, for on-premises consumption, spirits samples that are one-
8 half ounce or less per sample of spirits, and that may be adulterated
9 with water, ice, other alcohol entitled to be sold or served on the
10 licensed premises, or nonalcoholic mixers. A person receiving free
11 samples of spirits is limited to receiving no more than a total of
12 two ounces of free spirits and other free alcohol, combined, per day;

13 (b) A craft distillery may sell, for on-premises consumption,
14 servings of spirits of the craft distillery's own production and
15 spirits produced by another craft distillery or distillery licensed
16 in this state, which must be adulterated with water, ice, other
17 alcohol entitled to be sold or served on the licensed premises, or
18 nonalcoholic mixers; and

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

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

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

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

38 (5)(a) A distillery or craft distillery licensee may apply to the
39 board for an endorsement to sell spirits of its own production at

1 retail for off-premises consumption at a qualifying farmers market.
2 The annual fee for this endorsement is seventy-five dollars.

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

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

17 (d) Before a distillery or craft distillery may sell bottled
18 spirits at a qualifying farmers market, the farmers market must apply
19 to the board for authorization for any distillery or craft distillery
20 with an endorsement approved under this subsection to sell bottled
21 spirits at retail at the farmers market. This application must
22 include, at a minimum: (i) A map of the farmers market showing all
23 booths, stalls, or other designated locations at which an approved
24 distillery or craft distillery may sell bottled spirits; and (ii) the
25 name and contact information for the on-site market managers who may
26 be contacted by the board or its designee to verify the locations at
27 which bottled spirits may be sold. Before authorizing a qualifying
28 farmers market to allow an approved distillery or craft distillery to
29 sell bottled spirits at retail at its farmers market location, the
30 board must notify the persons or entities of such application for
31 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
32 granted under this subsection (~~((+4))~~) (5)(d) may be withdrawn by the
33 board for any violation of this title or any rules adopted under this
34 title.

35 (e) For the purposes of this subsection (~~((+4))~~) (5), "qualifying
36 farmers market" has the same meaning as defined in RCW 66.24.170.

37 (~~((+5))~~) (6) The board must adopt rules to implement the alcohol
38 server permit requirement and may adopt additional rules to implement
39 this section.

40 (~~((+6))~~) (7) Distilling is an agricultural practice.

1 (8) No person under twenty-one years of age may enter or remain
2 on a craft distillery's premises in an area where alcohol is sampled,
3 sold, or served, or on the premises of a craft distillery's off-site
4 tasting room licensed under section 3 of this act.

5 (9) A craft distillery may sell nonalcoholic products at retail.

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

8 (1)(a) There is a tasting room license available to distillery
9 and craft distillery licensees. A tasting room license authorizes the
10 operation of an off-site tasting room at which the licensee may
11 sample, serve, and sell spirits and alcohol products authorized to be
12 sampled, served, and sold under RCW 66.24.140 and 66.24.145, for on-
13 premises and off-premises consumption, subject to the same
14 limitations as provided in RCW 66.24.140 and 66.24.145.

15 (b) A distillery or craft distillery licensee is eligible for no
16 more than two tasting room licenses. A separate license is required
17 for the operation of each off-site tasting room. The fee for the
18 first off-site tasting room license is one hundred dollars per annum.
19 The fee for the second off-site tasting room license is one thousand
20 dollars per annum. No license is required for a distillery or craft
21 distillery to sample, serve, and sell spirits and alcohol to
22 customers on the distillery or craft distillery premises as
23 authorized under RCW 66.24.140 and 66.24.145.

24 (2)(a) No person under twenty-one years of age may enter or
25 remain on the premises of a tasting room licensed under this section.

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

29 NEW SECTION. Sec. 4. A new section is added to chapter 66.24
30 RCW to read as follows:

31 (1) Of the off-site tasting rooms allowed in this chapter, any
32 distillery, craft distillery, domestic winery, or any combination of
33 licensees thereof, licensed under this chapter may jointly occupy and
34 co-operate up to two off-site locations at which they may sample,
35 serve, and sell products of their own production and products
36 authorized to be sampled, served, and sold under the terms of their
37 license. The licensees must maintain separate storage of products and
38 separate financials.

1 (2) Any domestic brewery, microbrewery, domestic winery,
2 distillery, or craft distillery licensed under this chapter, or any
3 combination of licensees thereof, whose property parcels or buildings
4 are located in direct physical proximity to one another may share a
5 standing or seated tasting area for patrons to use. Each licensee may
6 sample, serve, and sell products the licensee is authorized to
7 sample, serve, and sell under the terms of its license, for on-
8 premises consumption in the jointly operated consumption area.

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

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

14 (5) All licensees who participate in:

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

17 (b) A conjoined consumption area allowed under subsection (2) of
18 this section,

19 must share staffing resources and each licensee is responsible in the
20 event of any enforcement issues, even if the enforcement issue was
21 due only to one licensee's conduct.

22 (6) Every person who participates in any manner in the sale or
23 service of samples or servings of spirits must obtain a class 12
24 alcohol server permit. Every person who participates in any manner in
25 the sale or service of samples or servings of beer and wine must
26 obtain a class 12 or class 13 alcohol server permit.

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

29 (1) Except as permitted by the board under RCW 66.20.010, no
30 domestic brewery, microbrewery, distributor, distiller, domestic
31 winery, importer, rectifier, certificate of approval holder, or other
32 manufacturer of liquor may, within the state of Washington, give to
33 any person any liquor(~~(+ but)~~).

34 (2) Nothing in this section nor in RCW 66.28.305 prevents a
35 domestic brewery, microbrewery, distributor, domestic winery,
36 distiller, certificate of approval holder, or importer from
37 furnishing samples of beer, wine, or spirituous liquor to authorized
38 licensees for the purpose of negotiating a sale, in accordance with
39 regulations adopted by the liquor and cannabis board, provided that

1 the samples are subject to taxes imposed by RCW 66.24.290 and
2 66.24.210((+)).

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

7 (4) Nothing in this section prevents a domestic winery,
8 certificate of approval holder, or distributor from furnishing wine
9 without charge, subject to the taxes imposed by RCW 66.24.210, to a
10 not-for-profit group organized and operated solely for the purpose of
11 enology or the study of viticulture which has been in existence for
12 at least six months and that uses wine so furnished solely for such
13 educational purposes or a domestic winery, or an out-of-state
14 certificate of approval holder, from furnishing wine without charge
15 or a domestic brewery, or an out-of-state certificate of approval
16 holder, from furnishing beer without charge, subject to the taxes
17 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
18 licensed under RCW 66.24.140 or an accredited representative of a
19 distiller, manufacturer, importer, or distributor of spirituous
20 liquor licensed under RCW 66.24.310, from furnishing spirits without
21 charge, to a nonprofit charitable corporation or association exempt
22 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal
23 revenue code of 1986 for use consistent with the purpose or purposes
24 entitling it to such exemption((+)).

25 (5) Nothing in this section prevents a domestic brewery or
26 microbrewery from serving beer without charge, on the brewery
27 premises((+)).

28 (6) Nothing in this section prevents donations of wine for the
29 purposes of RCW 66.12.180((+)).

30 (7) Nothing in this section prevents a domestic winery from
31 serving wine without charge, on the winery premises(~~(+and)~~).

32 (8) Nothing in this section prevents a craft distillery from
33 serving spirits, ~~((on the distillery premises subject to RCW~~
34 ~~66.24.145)) including spirits adulterated with other alcohol entitled~~
35 ~~to be served or sold under RCW 66.24.140 or 66.24.145, to customers~~
36 ~~on the distillery premises or at an off-site tasting room as~~
37 ~~authorized under the terms of the license.~~

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

1 (1) There is a spirits retail license to: Sell spirits in
2 original containers to consumers for consumption off the licensed
3 premises and to permit holders; sell spirits in original containers
4 to retailers licensed to sell spirits for consumption on the
5 premises, for resale at their licensed premises according to the
6 terms of their licenses, although no single sale may exceed twenty-
7 four liters, unless the sale is by a licensee that was a contract
8 liquor store manager of a contract liquor store at the location of
9 its spirits retail licensed premises from which it makes such sales;
10 and export spirits.

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

16 (a) Maintain a schedule by stock-keeping unit of all their
17 purchases of spirits from spirits retail licensees, including
18 combination spirits, beer, and wine licensees holding a license
19 issued pursuant to RCW 66.24.035, indicating the identity of the
20 seller and the quantities purchased; and

21 (b) Provide, not more frequently than quarterly, a report for
22 each scheduled item containing the identity of the purchasing on-
23 premises licensee and the quantities of that scheduled item purchased
24 since any preceding report to:

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

27 (ii) A distiller acting as distributor of the scheduled item in
28 the area.

29 (3)(a) Except as otherwise provided in (c) of this subsection,
30 the board may issue spirits retail licenses only for premises
31 comprising at least ten thousand square feet of fully enclosed retail
32 space within a single structure, including storerooms and other
33 interior auxiliary areas but excluding covered or fenced exterior
34 areas, whether or not attached to the structure, and only to
35 applicants that the board determines will maintain systems for
36 inventory management, employee training, employee supervision, and
37 physical security of the product substantially as effective as those
38 of stores currently operated by the board with respect to preventing
39 sales to or pilferage by underage or inebriated persons.

1 (b) License issuances and renewals are subject to RCW 66.24.010
2 and the regulations adopted thereunder, including without limitation
3 rights of cities, towns, county legislative authorities, the public,
4 churches, schools, and public institutions to object to or prevent
5 issuance of local liquor licenses. However, existing grocery premises
6 licensed to sell beer and/or wine are deemed to be premises "now
7 licensed" under RCW 66.24.010(9)(a) for the purpose of processing
8 applications for spirits retail licenses.

9 (c) The board may not deny a spirits retail license to an
10 otherwise qualified contract liquor store at its contract location or
11 to the holder of former state liquor store operating rights sold at
12 auction under RCW 66.24.620 on the grounds of location, nature, or
13 size of the premises to be licensed. The board may not deny a spirits
14 retail license to applicants that are not contract liquor stores or
15 operating rights holders on the grounds of the size of the premises
16 to be licensed, if such applicant is otherwise qualified and the
17 board determines that:

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

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

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

24 (d) A retailer authorized to sell spirits for consumption on or
25 off the licensed premises may accept delivery of spirits at its
26 licensed premises, at another licensed premises as designated by the
27 retailer, or at one or more warehouse facilities registered with the
28 board, which facilities may also warehouse and distribute nonliquor
29 items, and from which the retailer may deliver to its own licensed
30 premises and, pursuant to sales permitted under subsection (1) of
31 this section:

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

34 (ii) To other registered facilities; or

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

39 (e) For purposes of negotiating volume discounts, a group of
40 individual retailers authorized to sell spirits for consumption off

1 the licensed premises may accept delivery of spirits at their
2 individual licensed premises or at any one of the individual
3 licensee's premises, or at a warehouse facility registered with the
4 board.

5 (4)(a) Except as otherwise provided in RCW 66.24.632, or in (b)
6 of this subsection, each spirits retail licensee must pay to the
7 board, for deposit into the liquor revolving fund, a license issuance
8 fee equivalent to seventeen percent of all spirits sales revenues
9 under the license, exclusive of taxes collected by the licensee and
10 of sales of items on which a license fee payable under this section
11 has otherwise been incurred. The board must establish rules setting
12 forth the timing of such payments and reporting of sales dollar
13 volume by the licensee, with payments required quarterly in arrears.
14 The first payment is due October 1, 2012.

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

17 (5) In addition to the payment required under subsection (4) of
18 this section, each licensee must pay an annual license renewal fee of
19 one hundred sixty-six dollars. The board must periodically review and
20 adjust the renewal fee as may be required to maintain it as
21 comparable to annual license renewal fees for licenses to sell beer
22 and wine not for consumption on the licensed premises. If required by
23 law at the time, any increase of the annual renewal fee becomes
24 effective only upon ratification by the legislature.

25 (6) As a condition to receiving and renewing a spirits retail
26 license the licensee must provide training as prescribed by the board
27 by rule for individuals who sell spirits or who manage others who
28 sell spirits regarding compliance with laws and regulations regarding
29 sale of spirits, including without limitation the prohibitions
30 against sale of spirits to individuals who are underage or visibly
31 intoxicated. The training must be provided before the individual
32 first engages in the sale of spirits and must be renewed at least
33 every five years. The licensee must maintain records documenting the
34 nature and frequency of the training provided. An employee training
35 program is presumptively sufficient if it incorporates a "responsible
36 vendor program" adopted by the board.

37 (7) The maximum penalties prescribed by the board in WAC
38 314-29-020 through 314-29-040 relating to fines and suspensions are
39 doubled for violations relating to the sale of spirits by spirits
40 retail licensees.

1 (8)(a) The board must adopt regulations concerning the adoption
2 and administration of a compliance training program for spirits
3 retail licensees, to be known as a "responsible vendor program," to
4 reduce underage drinking, encourage licensees to adopt specific best
5 practices to prevent sales to minors, and provide licensees with an
6 incentive to give their employees ongoing training in responsible
7 alcohol sales and service.

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

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

14 (d) To participate in the responsible vendor program, licensees
15 must submit an application form to the board. If the application
16 establishes that the licensee meets the qualifications to join the
17 program, the board must send the licensee a membership certificate.

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

20 (i) Provide ongoing training to employees;

21 (ii) Accept only certain forms of identification for alcohol
22 sales;

23 (iii) Adopt policies on alcohol sales and checking
24 identification;

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

26 (v) Keep records verifying compliance with the program's
27 requirements.

28 (f)(i) A spirits retail licensee that also holds a grocery store
29 license under RCW 66.24.360 or a beer and/or wine specialty shop
30 license under RCW 66.24.371 may, upon board approval and pursuant to
31 board rules, transition to a combination spirits, beer, and wine
32 license pursuant to RCW 66.24.035.

33 (ii) An applicant that would qualify for a spirits retail license
34 under this section and that qualifies for a combination spirits,
35 beer, and wine license pursuant to RCW 66.24.035 may apply for a
36 license pursuant to RCW 66.24.035 instead of applying for a spirits
37 retail license under this section.

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

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

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

10 (ii) Must bear imprinted advertising matter of the industry
11 member only, except imprinted advertising matter of the industry
12 member can include the logo of a professional sports team which the
13 industry member is licensed to use;

14 (iii) May be provided by industry members only to retailers and
15 their employees and may not be provided by or through retailers or
16 their employees to retail customers; and

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

18 (b) An industry member is not obligated to provide any such
19 branded promotional items, and a retailer may not require an industry
20 member to provide such branded promotional items as a condition for
21 selling any alcohol to the retailer.

22 (c) Any industry member or retailer or any other person asserting
23 that the provision of branded promotional items as allowed in (a) of
24 this subsection has resulted or is more likely than not to result in
25 undue influence or an adverse impact on public health and safety, or
26 is otherwise inconsistent with the criteria in (a) of this subsection
27 may file a complaint with the board. Upon receipt of a complaint the
28 board may conduct such investigation as it deems appropriate in the
29 circumstances. If the investigation reveals the provision of branded
30 promotional items has resulted in or is more likely than not to
31 result in undue influence or has resulted or is more likely than not
32 to result in an adverse impact on public health and safety or is
33 otherwise inconsistent with (a) of this subsection the board may
34 issue an administrative violation notice to the industry member, to
35 the retailer, or both. The recipient of the administrative violation
36 notice may request a hearing under chapter 34.05 RCW.

37 (2) Nothing in RCW 66.28.305 prohibits:

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

1 (i) Installation of draft beer dispensing equipment or
2 advertising;

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

5 (iii) Pouring or dispensing of spirits by a licensed domestic
6 distiller or the accredited representative of a distiller,
7 manufacturer, importer, or distributor of spirituous liquor licensed
8 under RCW 66.24.310; or

9 (b) Special occasion licensees from paying for beer, wine, or
10 spirits immediately following the end of the special occasion event;
11 or

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

15 (3) Nothing in RCW 66.28.305 prohibits industry members from
16 performing, and retailers from accepting the service of building,
17 rotating, and restocking displays and stockroom inventories; rotating
18 and rearranging can and bottle displays of their own products;
19 providing point of sale material and brand signs; pricing case goods
20 of their own brands; and performing such similar business services
21 consistent with board rules, or personal services as described in
22 subsection (5) of this section.

23 (4) Nothing in RCW 66.28.305 prohibits:

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

27 (b) Retailers from listing on their internet web sites
28 information related to industry members whose products those
29 retailers sell or promote, including direct links to the industry
30 members' web sites; or

31 (c) Industry members and retailers from producing, jointly or
32 together with regional, state, or local industry associations,
33 brochures and materials promoting tourism in Washington state which
34 contain information regarding retail licensees, industry members, and
35 their products.

36 (5) Nothing in RCW 66.28.305 prohibits the performance of
37 personal services offered from time to time by a domestic winery or
38 certificate of approval holder to retailers when the personal
39 services are (a) conducted at a licensed premises, and (b) intended
40 to inform, educate, or enhance customers' knowledge or experience of

1 the manufacturer's products. The performance of personal services may
2 include participation and pouring, bottle signing events, and other
3 similar informational or educational activities at the premises of a
4 retailer holding a spirits, beer, and wine restaurant license, a wine
5 and/or beer restaurant license, a specialty wine shop license, a
6 special occasion license, a grocery store license with a tasting
7 endorsement, or a private club license. A domestic winery or
8 certificate of approval holder is not obligated to perform any such
9 personal services, and a retail licensee may not require a domestic
10 winery or certificate of approval holder to conduct any personal
11 service as a condition for selling any alcohol to the retail
12 licensee, or as a condition for including any product of the domestic
13 winery or certificate of approval holder in any tasting conducted by
14 the licensee. Except as provided in RCW 66.28.150, the cost of
15 sampling may not be borne, directly or indirectly, by any domestic
16 winery or certificate of approval holder or any distributor. Nothing
17 in this section prohibits wineries, breweries, microbreweries,
18 certificate of approval holders, and retail licensees from
19 identifying the producers on private labels authorized under RCW
20 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

21 (6) Nothing in RCW 66.28.305 prohibits an industry member from
22 entering into an arrangement with any holder of a sports
23 entertainment facility license or an affiliated business for brand
24 advertising at the licensed facility or promoting events held at the
25 sports entertainment facility as authorized under RCW 66.24.570.

26 (7) Nothing in RCW 66.28.305 prohibits the performance of
27 personal services offered from time to time by a domestic brewery,
28 microbrewery, or beer certificate of approval holder to grocery store
29 licensees with a tasting endorsement when the personal services are
30 (a) conducted at a licensed premises in conjunction with a tasting
31 event, and (b) intended to inform, educate, or enhance customers'
32 knowledge or experience of the manufacturer's products. The
33 performance of personal services may include participation and
34 pouring, bottle signing events, and other similar informational or
35 educational activities. A domestic brewery, microbrewery, or beer
36 certificate of approval holder is not obligated to perform any such
37 personal services, and a grocery store licensee may not require the
38 performance of any personal service as a condition for including any
39 product in any tasting conducted by the licensee.

1 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a
2 domestic winery and a restaurant licensed under RCW 66.24.320 or
3 66.24.400 to waive a corkage fee.

4 (9) Nothing in this section prohibits professional sports teams
5 who hold a retail liquor license or their agents from accepting bona
6 fide liquor advertising from manufacturers, importers, distributors,
7 or their agents for use in the sporting arena. Professional sports
8 teams who hold a retail liquor license or their agents may license
9 the manufacturer, importer, distributor, or their agents to use the
10 name and trademarks of the professional sports team in their
11 advertising and promotions, under the following conditions:

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

15 (b) Such advertising may carry with it no express or implied
16 offer on the part of the manufacturer, importer, distributor, or
17 their agent, or promise on the part of the retail licensee whose
18 operation is directly or indirectly part of the sporting arena, to
19 stock or list any particular brand of liquor to the total or partial
20 exclusion of any other brand.

21 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic
22 brewery or microbrewery from providing branded promotional items
23 which are of nominal value, singly or in the aggregate, to a
24 nonprofit charitable corporation or association exempt from taxation
25 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it
26 existed on July 24, 2015, for use consistent with the purpose or
27 purposes entitling it to such exemption.

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

36 NEW SECTION. **Sec. 8.** If any provision of this act or its
37 application to any person or circumstance is held invalid, the
38 remainder of the act or the application of the provision to other
39 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 9.** This act takes effect July 1, 2018."

2 Correct the title.

EFFECT: (1) Removes the provisions that created new license types and eliminated the distillery and craft distillery licenses, to restore the existing distillery and craft distillery licenses.

(2) Provides distilleries and craft distilleries with some but not all of the new privileges regarding alcohol sales and alcohol service that were provided in the substitute bill. Removes the new authorization regarding sampling spirits at farmers markets. Removes the new endorsement authorizing samples and sales direct to customers at an event held under a nonprofit organization's special occasion license.

(3) Specifies the new privileges provided to distilleries and craft distilleries including the following:

(a) Selling and serving spirits of the distillery or craft distillery's own production, and spirits, vermouth, and sparkling wine produced by another licensee in the state, for on-premises and off-premises consumption, from the distillery premises and up to two off-site tasting rooms that each require a separate license;

(b) Operating joint off-site tasting rooms and conjoined consumption areas with other alcohol manufacturers (still subject to the limit of two off-site tasting rooms for distilleries and craft distilleries); and

(c) Providing branded promotional items of nominal value to nonprofits exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

(4) Requires servings of spirits sold for on-premises consumption by a distillery or craft distillery to be adulterated (while retaining the authorization for unadulterated spirits samples that may be one-half ounce or less in size and are subject to a two ounce limit per person per day).

(5) Prohibits minors from entering or remaining on the premises of a distillery or craft distillery in an area where alcohol is sampled, sold, or served, or on the premises of an off-site tasting room.

(6) Removes all provisions that restructured how the 17 percent spirits retail license issuance fee applies, including removing the new exemption from the fee and the new credit against the fee. Provides that the existing exemption for craft distilleries from the 17 percent fee applies only to a craft distillery's sales of spirits of its own production.

(7) Changes the effective date to July 1, 2018, from January 1, 2019.

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