

SB 5834 - S AMD 64

By Senator Baumgartner

ADOPTED 03/03/2017

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 66.24
4 RCW to read as follows:

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

15 (2) The board must adopt similar qualifications for a bonded
16 spirits warehouse license as required for obtaining a distillery
17 license as specified in RCW 66.24.140, 66.24.145, and 66.24.150. A
18 licensee must be a sole proprietor, partnership, limited liability
19 company, corporation, port authority, city, county, or any other
20 public entity or subdivision of the state that elects to license a
21 bonded spirits warehouse as an agricultural or economic development
22 activity. One or more domestic distilleries or manufacturers may
23 operate as a partnership, corporation, business co-op, cotenant, or
24 agricultural co-op for the purposes of obtaining a bonded spirits
25 warehouse license or storing spirits in the facility under a common
26 management and oversight agreement free of charge or for a fee.

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

- 29 (a) Exported from the state;
- 30 (b) Returned to a distillery or bonded spirits warehouse; or
- 31 (c) Transferred to a distillery, bonded spirits warehouse, or
32 bottling or packaging facility.

1 (4) Warehousing of spirits by any person other than (a) a
2 licensed domestic distillery, (b) a bonded spirits warehouse licensee
3 licensed under the provisions of this section, (c) a licensed
4 Washington spirits distributor, (d) a licensed Washington spirits
5 importer, (e) licensees utilizing warehouses authorized under RCW
6 66.24.630 or 66.28.340, or (f) a spirits certificate of approval
7 holder is prohibited.

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

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

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

21 (8) The operator or licensee operating a bonded spirits warehouse
22 must submit to the board a monthly report of movement of bulk or
23 barreled spirits to and from a bonded spirits warehouse in a form
24 prescribed by the board. The board may adopt other necessary
25 procedures by which bonded spirits warehouses are licensed and
26 regulated.

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

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

34 Any distiller licensed under this title may act as a retailer
35 and/or distributor to retailers selling for consumption on or off the
36 licensed premises of spirits of its own production, and any
37 manufacturer, importer, or bottler of spirits holding a certificate
38 of approval may act as a distributor of spirits it is entitled to
39 import into the state under such certificate. The board must by rule

1 provide for issuance of certificates of approval to spirits
2 suppliers. An industry member operating as a distributor and/or
3 retailer under this section must comply with the applicable laws and
4 rules relating to distributors and/or retailers, except that an
5 industry member operating as a distributor under this section may
6 maintain a warehouse off the distillery premises for the distribution
7 of bottled spirits of its own production to spirits retailers within
8 the state, if the warehouse is within the United States and has been
9 approved by the board."

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10 On page 1, line 1 of the title, after "warehouses;" strike the
11 remainder of the title and insert "amending RCW 66.24.640; and adding
12 a new section to chapter 66.24 RCW."

EFFECT: Narrows the scope of the bonded warehouse license to cover only bulk or barreled spirits, as federal law prohibits bottled spirits from being comingled in this type of warehouse. Clarifies that spirits retail licensees and retailers may continue to use their existing registered warehouses.

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