

HB 2412 - S AMD
By Senator

ADOPTED AND ENGROSSED 3/6/20

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

3 **"Sec. 1.** RCW 66.24.240 and 2011 c 195 s 6 and 2011 c 119 s 212
4 are each reenacted and amended to read as follows:

5 (1) There shall be a license for domestic breweries; fee to be
6 two thousand dollars for production of sixty thousand barrels or more
7 of malt liquor per year.

8 (2) Any domestic brewery, except for a brand owner of malt
9 beverages under RCW 66.04.010(7), licensed under this section may
10 also act as a distributor and/or retailer for beer of its own
11 production. Any domestic brewery operating as a distributor and/or
12 retailer under this subsection shall comply with the applicable laws
13 and rules relating to distributors and/or retailers. A domestic
14 brewery holding a spirits, beer, and wine restaurant license may sell
15 beer of its own production for off-premises consumption from its
16 restaurant premises in kegs or in a sanitary container brought to the
17 premises by the purchaser or furnished by the licensee and filled at
18 the tap by the licensee at the time of sale.

19 (3) Any domestic brewery licensed under this section may also
20 sell beer produced by another domestic brewery or a microbrewery for
21 on and off-premises consumption from its premises as long as the
22 other breweries' brands do not exceed twenty-five percent of the
23 domestic brewery's on-tap offering of its own brands.

24 (4) A domestic brewery may hold up to (~~two~~) four retail
25 licenses to operate an on or (~~off-premise~~ [~~off-premises~~]) off-
26 premises tavern, beer and/or wine restaurant, (~~or~~) spirits, beer,
27 and wine restaurant, or any combination there of. This retail license
28 is separate from the brewery license. A brewery that holds a tavern
29 license, a spirits, beer, and wine restaurant license, or a beer
30 and/or wine restaurant license shall hold the same privileges and
31 endorsements as permitted under RCW 66.24.320, 66.24.330, and
32 66.24.420.

1 (5) Any domestic brewery licensed under this section may
2 contract-produce beer for a brand owner of malt beverages defined
3 under RCW 66.04.010(7), and this contract-production is not a sale
4 for the purposes of RCW 66.28.170 and 66.28.180.

5 (6) (a) A domestic brewery licensed under this section and
6 qualified for a reduced rate of taxation pursuant to RCW
7 66.24.290(3) (b) may apply to the board for an endorsement to sell
8 bottled beer of its own production at retail for off-premises
9 consumption at a qualifying farmers market. The annual fee for this
10 endorsement is seventy-five dollars.

11 (b) For each month during which a domestic brewery will sell beer
12 at a qualifying farmers market, the domestic brewery must provide the
13 board or its designee a list of the dates, times, and locations at
14 which bottled beer may be offered for sale. This list must be
15 received by the board before the domestic brewery may offer beer for
16 sale at a qualifying farmers market.

17 (c) The beer sold at qualifying farmers markets must be produced
18 in Washington.

19 (d) Each approved location in a qualifying farmers market is
20 deemed to be part of the domestic brewery license for the purpose of
21 this title. The approved locations under an endorsement granted under
22 this subsection do not include the tasting or sampling privilege of a
23 domestic brewery. The domestic brewery may not store beer at a
24 farmers market beyond the hours that the domestic brewery offers
25 bottled beer for sale. The domestic brewery may not act as a
26 distributor from a farmers market location.

27 (e) Before a domestic brewery may sell bottled beer at a
28 qualifying farmers market, the farmers market must apply to the board
29 for authorization for any domestic brewery with an endorsement
30 approved under this subsection to sell bottled beer at retail at the
31 farmers market. This application shall include, at a minimum: (i) A
32 map of the farmers market showing all booths, stalls, or other
33 designated locations at which an approved domestic brewery may sell
34 bottled beer; and (ii) the name and contact information for the on-
35 site market managers who may be contacted by the board or its
36 designee to verify the locations at which bottled beer may be sold.
37 Before authorizing a qualifying farmers market to allow an approved
38 domestic brewery to sell bottled beer at retail at its farmers market
39 location, the board shall notify the persons or entities of such
40 application for authorization pursuant to RCW 66.24.010 (8) and (9).

1 An authorization granted under this subsection (6)(e) may be
2 withdrawn by the board for any violation of this title or any rules
3 adopted under this title.

4 (f) The board may adopt rules establishing the application and
5 approval process under this section and such additional rules as may
6 be necessary to implement this section.

7 (g) For the purposes of this subsection:

8 (i) "Qualifying farmers market" means an entity that sponsors a
9 regular assembly of vendors at a defined location for the purpose of
10 promoting the sale of agricultural products grown or produced in this
11 state directly to the consumer under conditions that meet the
12 following minimum requirements:

13 (A) There are at least five participating vendors who are farmers
14 selling their own agricultural products;

15 (B) The total combined gross annual sales of vendors who are
16 farmers exceeds the total combined gross annual sales of vendors who
17 are processors or resellers;

18 (C) The total combined gross annual sales of vendors who are
19 farmers, processors, or resellers exceeds the total combined gross
20 annual sales of vendors who are not farmers, processors, or
21 resellers;

22 (D) The sale of imported items and secondhand items by any vendor
23 is prohibited; and

24 (E) No vendor is a franchisee.

25 (ii) "Farmer" means a natural person who sells, with or without
26 processing, agricultural products that he or she raises on land he or
27 she owns or leases in this state or in another state's county that
28 borders this state.

29 (iii) "Processor" means a natural person who sells processed food
30 that he or she has personally prepared on land he or she owns or
31 leases in this state or in another state's county that borders this
32 state.

33 (iv) "Reseller" means a natural person who buys agricultural
34 products from a farmer and resells the products directly to the
35 consumer.

36 (7) The state board of health shall adopt rules to allow dogs on
37 the premises of licensed domestic breweries that do not provide food
38 service subject to a food service permit requirement.

1 **Sec. 2.** RCW 66.24.244 and 2015 c 42 s 1 are each amended to read
2 as follows:

3 (1) There shall be a license for microbreweries; fee to be one
4 hundred dollars for production of less than sixty thousand barrels of
5 malt liquor, including strong beer, per year.

6 (2)(a) Any microbrewery licensed under this section may also act
7 as a distributor and/or retailer for beer and strong beer of its own
8 production.

9 (b) Any microbrewery operating as a distributor and/or retailer
10 under this subsection must comply with the applicable laws and rules
11 relating to distributors and/or retailers, except that a microbrewery
12 operating as a distributor may maintain a warehouse off the premises
13 of the microbrewery for the distribution of beer provided that:

14 (i) The warehouse has been approved by the board under RCW
15 66.24.010; and

16 (ii) The number of warehouses off the premises of the
17 microbrewery does not exceed one.

18 (c) A microbrewery holding a spirits, beer, and wine restaurant
19 license may sell beer of its own production for off-premises
20 consumption from its restaurant premises in kegs or in a sanitary
21 container brought to the premises by the purchaser or furnished by
22 the licensee and filled at the tap by the licensee at the time of
23 sale.

24 (3) Any microbrewery licensed under this section may also sell
25 from its premises for on-premises and off-premises consumption:

26 (a) Beer produced by another microbrewery or a domestic brewery
27 as long as the other breweries' brands do not exceed twenty-five
28 percent of the microbrewery's on-tap offerings; or

29 (b) Cider produced by a domestic winery.

30 (4) The board may issue up to (~~two~~) four retail licenses
31 allowing a microbrewery to operate an on or off-premises tavern, beer
32 and/or wine restaurant, (~~or~~) spirits, beer, and wine restaurant, or
33 any combination thereof.

34 (5) A microbrewery that holds a tavern license, spirits, beer,
35 and wine restaurant license, or a beer and/or wine restaurant license
36 holds the same privileges and endorsements as permitted under RCW
37 66.24.320, 66.24.330, and 66.24.420.

38 (6)(a) A microbrewery licensed under this section may apply to
39 the board for an endorsement to sell bottled beer of its own
40 production at retail for off-premises consumption at a qualifying

1 farmers market. The annual fee for this endorsement is seventy-five
2 dollars. However, strong beer may not be sold at a farmers market or
3 under any endorsement which may authorize microbreweries to sell beer
4 at farmers markets.

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

11 (c) Any person selling or serving beer must obtain a class 12 or
12 class 13 alcohol server permit.

13 (d) The beer sold at qualifying farmers markets must be produced
14 in Washington.

15 (e) Each approved location in a qualifying farmers market is
16 deemed to be part of the microbrewery license for the purpose of this
17 title. The approved locations under an endorsement granted under this
18 subsection (6) include tasting or sampling privileges subject to the
19 conditions pursuant to RCW 66.24.175. The microbrewery may not store
20 beer at a farmers market beyond the hours that the microbrewery
21 offers bottled beer for sale. The microbrewery may not act as a
22 distributor from a farmers market location.

23 (f) Before a microbrewery may sell bottled beer at a qualifying
24 farmers market, the farmers market must apply to the board for
25 authorization for any microbrewery with an endorsement approved under
26 this subsection (6) to sell bottled beer at retail at the farmers
27 market. This application must include, at a minimum: (i) A map of the
28 farmers market showing all booths, stalls, or other designated
29 locations at which an approved microbrewery may sell bottled beer;
30 and (ii) the name and contact information for the on-site market
31 managers who may be contacted by the board or its designee to verify
32 the locations at which bottled beer may be sold. Before authorizing a
33 qualifying farmers market to allow an approved microbrewery to sell
34 bottled beer at retail at its farmers market location, the board must
35 notify the persons or entities of the application for authorization
36 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
37 this subsection (6)(f) may be withdrawn by the board for any
38 violation of this title or any rules adopted under this title.

1 (g) The board may adopt rules establishing the application and
2 approval process under this section and any additional rules
3 necessary to implement this section.

4 (h) For the purposes of this subsection (6):

5 (i) "Qualifying farmers market" has the same meaning as defined
6 in RCW 66.24.170.

7 (ii) "Farmer" means a natural person who sells, with or without
8 processing, agricultural products that he or she raises on land he or
9 she owns or leases in this state or in another state's county that
10 borders this state.

11 (iii) "Processor" means a natural person who sells processed food
12 that he or she has personally prepared on land he or she owns or
13 leases in this state or in another state's county that borders this
14 state.

15 (iv) "Reseller" means a natural person who buys agricultural
16 products from a farmer and resells the products directly to the
17 consumer.

18 (7) Any microbrewery licensed under this section may
19 contract-produce beer for another microbrewer. This contract-
20 production is not a sale for the purposes of RCW 66.28.170 and
21 66.28.180.

22 (8) The state board of health shall adopt rules to allow dogs on
23 the premises of licensed microbreweries that do not provide food
24 service subject to a food service permit requirement.

25 **Sec. 3.** RCW 66.28.200 and 2009 c 373 s 7 are each amended to
26 read as follows:

27 (1) Licensees holding a beer and/or wine restaurant or a tavern
28 license in combination with an off-premises beer and wine retailer's
29 license, licensees holding a spirits, beer, and wine restaurant
30 license with an endorsement issued under RCW 66.24.400(4), and
31 licensees holding a beer and/or wine specialty shop license with an
32 endorsement issued under RCW 66.24.371(1) may sell malt liquor in
33 kegs or other containers capable of holding four gallons or more of
34 liquid. Under a special endorsement from the board, a grocery store
35 licensee may sell malt liquor in containers no larger than five and
36 one-half gallons. The sale of any container holding four gallons or
37 more must comply with the provisions of this section and RCW
38 66.28.210 through 66.28.240.

1 (2) (~~Any~~) Except as provided in subsection (3) of this section,
2 any person who sells or offers for sale the contents of kegs or other
3 containers containing four gallons or more of malt liquor, or leases
4 kegs or other containers that will hold four gallons of malt liquor,
5 to consumers who are not licensed under chapter 66.24 RCW shall do
6 the following for any transaction involving the container:

7 (a) Require the purchaser of the malt liquor to sign a
8 declaration and receipt for the keg or other container or beverage in
9 substantially the form provided in RCW 66.28.220;

10 (b) Require the purchaser to provide one piece of identification
11 pursuant to RCW 66.16.040;

12 (c) Require the purchaser to sign a sworn statement, under
13 penalty of perjury, that:

14 (i) The purchaser is of legal age to purchase, possess, or use
15 malt liquor;

16 (ii) The purchaser will not allow any person under the age of
17 twenty-one years to consume the beverage except as provided by RCW
18 66.44.270;

19 (iii) The purchaser will not remove, obliterate, or allow to be
20 removed or obliterated, the identification required under RCW
21 66.28.220 to be affixed to the container;

22 (d) Require the purchaser to state the particular address where
23 the malt liquor will be consumed, or the particular address where the
24 keg or other container will be physically located; and

25 (e) Require the purchaser to maintain a copy of the declaration
26 and receipt next to or adjacent to the keg or other container, in no
27 event a distance greater than five feet, and visible without a
28 physical barrier from the keg, during the time that the keg or other
29 container is in the purchaser's possession or control.

30 (3) Domestic breweries licensed under RCW 66.24.240 and
31 microbreweries licensed under RCW 66.24.244 are not subject to this
32 section when selling or offering for sale kegs or other containers
33 containing four gallons or more of malt liquor of the licensee's own
34 production, or when selling, offering for sale, or leasing kegs or
35 other containers that will hold four gallons or more of liquid.

36 (4) A violation of this section is a gross misdemeanor.

37 **Sec. 4.** RCW 66.28.210 and 2003 c 53 s 297 are each amended to
38 read as follows:

1 (1) (~~Any~~) Except as provided in subsection (2) of this section,
2 any person who purchases the contents of kegs or other containers
3 containing four gallons or more of malt liquor, or purchases or
4 leases the container shall:

5 (a) Sign a declaration and receipt for the keg or other container
6 or beverage in substantially the form provided in RCW 66.28.220;

7 (b) Provide one piece of identification pursuant to RCW
8 66.16.040;

9 (c) Be of legal age to purchase, possess, or use malt liquor;

10 (d) Not allow any person under the age of twenty-one to consume
11 the beverage except as provided by RCW 66.44.270;

12 (e) Not remove, obliterate, or allow to be removed or
13 obliterated, the identification required under rules adopted by the
14 board;

15 (f) Not move, keep, or store the keg or its contents, except for
16 transporting to and from the distributor, at any place other than
17 that particular address declared on the receipt and declaration; and

18 (g) Maintain a copy of the declaration and receipt next to or
19 adjacent to the keg or other container, in no event a distance
20 greater than five feet, and visible without a physical barrier from
21 the keg, during the time that the keg or other container is in the
22 purchaser's possession or control.

23 (2) A person who purchases the contents of a keg or other
24 container containing four gallons or more of malt liquor from a
25 domestic brewery licensed under RCW 66.24.240 or a microbrewery
26 licensed under RCW 66.24.244, or who purchases or leases a keg or
27 other container that will hold four gallons or more of liquid from
28 such a domestic brewery or microbrewery, is not subject to this
29 section except for the requirements in subsection (1)(c) and (d) of
30 this section.

31 (3) A violation of this section is a gross misdemeanor.

32 **Sec. 5.** RCW 66.28.220 and 2007 c 53 s 3 are each amended to read
33 as follows:

34 (1) The board shall adopt rules requiring retail licensees to
35 affix appropriate identification on all containers of four gallons or
36 more of malt liquor for the purpose of tracing the purchasers of such
37 containers. The rules may provide for identification to be done on a
38 statewide basis or on the basis of smaller geographical areas. The
39 rules do not apply to sales by domestic breweries and microbreweries

1 of malt liquor of the licensee's own production in kegs or other
2 containers containing four gallons or more of malt liquor, or to
3 sales or leases by domestic breweries and microbreweries of kegs or
4 containers that will hold four or more gallons of liquid.

5 (2) The board shall develop and make available forms for the
6 declaration and receipt required by RCW 66.28.200. The board may
7 charge spirits, beer, and wine restaurant licensees with an
8 endorsement issued under RCW 66.24.400(4) and grocery store licensees
9 for the costs of providing the forms and that money collected for the
10 forms shall be deposited into the liquor revolving fund for use by
11 the board, without further appropriation, to continue to administer
12 the cost of the keg registration program.

13 (3) (~~It~~) Except as provided in subsection (4) of this section,
14 it is unlawful for any person to sell or offer for sale kegs or other
15 containers containing four gallons or more of malt liquor to
16 consumers who are not licensed under chapter 66.24 RCW if the kegs or
17 containers are not identified in compliance with rules adopted by the
18 board.

19 (4) In accordance with RCW 66.24.200, sales by domestic breweries
20 and microbreweries of malt liquor of the licensee's own production in
21 kegs or other containers containing four gallons or more of malt
22 liquor are not subject to the keg and container identification
23 requirements in this section or the board's rules.

24 (5) A violation of this section is a gross misdemeanor."

HB 2412 - S AMD
By Senator

ADOPTED AND ENGROSSED 3/6/20

25 On page 1, line 2 of the title, after "licenses;" strike the
26 remainder of the title and insert "amending RCW 66.24.244, 66.28.200,
27 66.28.210, and 66.28.220; and reenacting and amending RCW 66.24.240."

--- END ---