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**HOUSE BILL 1432**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Representatives Vick and Sutherland

AN ACT Relating to authorizing direct to consumer sales of distilled spirits by out-of-state manufacturers; amending RCW 66.28.035; and adding new sections to chapter 66.20 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

The holder of a license to manufacture spirits issued by this state or another state, or the holder of a certificate of approval license issued by this state for spirits manufactured in another state or outside of the United States, may ship spirits that it is allowed to manufacture or import in accordance with such license, to a person who is a resident of Washington and is 21 years of age or older for that person's personal use and not for resale.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

Before spirits may be shipped to a person who is a resident of Washington by a domestic distillery, an out-of-state distillery, or a holder of a certificate of approval issued by this state for spirits, the distillery or importer must:

(1) Obtain a spirits shipper's permit under procedures prescribed by the board by rule and pay a fee established by the board, if the distillery is located outside the state; or

(2) Be licensed as a domestic distillery or a certificate of approval holder by the board and have paid the annual license fee.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

(1) An applicant for a spirits shipper's permit under section 2 of this act must:

(a) Operate a distillery located in the United States or hold a certificate of approval license issued by this state for spirits manufactured in another state or outside of the United States;

(b) Provide the board a copy of its valid license to manufacture spirits issued by another state;

(c) Certify that it holds all state and federal licenses and permits necessary to operate a distillery or to import spirits; and

(d) Register with the department of revenue under RCW 82.32.030.

(2) Holders of a spirits certificate of approval under RCW 66.24.640 are deemed to hold a spirits shipper's permit without further application or fee, if the holder meets all requirements for a spirits shipper's permit. A spirits certificate of approval holder who wants to ship spirits under its spirits shipper's permit privilege must notify the board in a manner determined by the board before shipping any spirits to a Washington consumer.

(3) Holders of a spirits shipper's permit must:

(a) Pay the tax under RCW 66.24.210 for sales of spirits to Washington state residents; and

(b) Collect and remit to the department of revenue all applicable state and local sales and use taxes imposed by or under the authority of chapters 82.08, 82.12, and 82.14 RCW on all sales of spirits delivered to buyers in this state, regardless of whether the permit holder has a physical presence in this state.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

(1) A domestic distillery, certificate of approval license holder, or spirits shipper's permit holder must clearly label all spirits cases or outside shipping packages of spirits sent into or out of this state under sections 1 through 7 of this act to indicate that the package cannot be delivered to a person under 21 years of age or to an intoxicated person.

(2) A domestic distillery, certificate of approval license holder or spirits shipper's permit holder must ensure that the private carrier used to deliver spirits: (a) Obtains the signature of the person who receives the spirits upon delivery; (b) verifies the age of the recipient; and (c) verifies that the recipient does not appear intoxicated at the time of delivery.

(3) The private carrier used to deliver spirits must: (a) Verify the age of the person accepting delivery before handing over liquor; and (b) return the liquor to the domestic distillery, certificate of approval holder, or spirits shipper's permit holder if no person 21 years of age or older is present to accept a liquor order at the time of delivery or if the person present to accept the liquor shows signs of intoxication.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

A spirits shipper's permit holder, domestic distillery, and certificate of approval license holder must report to the board, on or before the twentieth day of each month, all shipments of spirits made during the preceding calendar month directly to Washington consumers under a spirits shipper's permit, domestic distillery license, or certificate of approval holder license in effect for all or any portion of the preceding year. All reports will be on forms prescribed by the board.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

A fee for a spirits shipper's permit may be established by the board.

NEW SECTION. **Sec.**  A new section is added to chapter 66.20 RCW to read as follows:

(1) Holders of a spirits shipper's permit are deemed to have consented to the jurisdiction of Washington concerning enforcement of sections 1 through 6 of this act and all laws and rules related to the shipment of spirits from spirits manufacturers directly to consumers.

(2)(a) A permit issued under section 2 of this act to a spirits manufacturer located outside this state who fails to comply with the provisions of sections 1 through 6 of this act must be suspended or revoked.

(b) The privilege to ship spirits directly to Washington consumers under a domestic distillery license or certificate of approval holder license must be suspended or revoked if the license holder fails to comply with the provisions of sections 1 through 6 of this act.

**Sec.**  RCW 66.28.035 and 2016 c 235 s 14 are each amended to read as follows:

(1) By the 20th day of each month, and except for direct sales to consumers reporting under section 5 of this act, all spirits certificate of approval holders must file with the board, in a form and manner required by the board, a report of all spirits delivered to purchasers in this state during the preceding month. Copies of the invoices for all such purchases or other information required by the board that would disclose the identity of the purchasers must be made available upon request.

(2) A spirits certificate of approval holder may not ship or cause to be transported into this state any spirits unless the purchaser to whom the spirits are to be delivered is:

(a) Licensed by the board to sell spirits in this state, and the license is in good standing; ((~~or~~))

(b) Otherwise legally authorized to sell spirits in this state; or

(c) A resident of Washington state and the sale is in compliance with sections 1 through 6 of this act.

(3) The liquor and cannabis board must maintain on its website a list of all purchasers that meet the conditions of subsection (2)(a) and (b) of this section.

(4) A violation of this section is grounds for suspension of a spirits certificate of approval license in accordance with RCW 66.08.150, in addition to any punishment as may be authorized by RCW 66.28.030.

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