

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2118**

Chapter 154, Laws of 2003

58th Legislature  
2003 Regular Session

MICROBREW BEER--FARMERS MARKETS

EFFECTIVE DATE: 7/27/03

Passed by the House April 22, 2003  
Yeas 96 Nays 1

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate April 8, 2003  
Yeas 43 Nays 0

BRAD OWEN

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**President of the Senate**

Approved May 8, 2003.

GARY F. LOCKE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Cynthia Zehnder, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2118** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

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**Chief Clerk**

FILED

May 8, 2003 - 3:33 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2118**

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AS AMENDED BY THE SENATE

Passed Legislature - 2003 Regular Session

**State of Washington                      58th Legislature                      2003 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Newhouse and Sullivan)

READ FIRST TIME 03/05/03.

1            AN ACT Relating to the marketing of microbrew beer at farmers  
2 markets; amending RCW 66.24.240 and 66.24.244; and adding a new section  
3 to chapter 66.28 RCW.

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

5            **Sec. 1.** RCW 66.24.240 and 2000 c 142 s 2 are each amended to read  
6 as follows:

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

10           (2) Any domestic brewery, except for a brand owner of malt  
11 beverages under RCW 66.04.010(5), licensed under this section may also  
12 act as a distributor and/or retailer for beer of its own production.  
13 Any domestic brewery operating as a distributor and/or retailer under  
14 this subsection shall comply with the applicable laws and rules  
15 relating to distributors and/or retailers.

16           (3) Any domestic brewery licensed under this section may contract-  
17 produce beer for a brand owner of malt beverages defined under RCW  
18 66.04.010(5), and this contract-production is not a sale for the  
19 purposes of RCW 66.28.170 and 66.28.180.

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

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

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

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

23       (e) Before a domestic brewery may sell bottled beer at a qualifying  
24 farmers market, the farmers market must apply to the board for  
25 authorization for any domestic brewery with an endorsement approved  
26 under this subsection to sell bottled beer at retail at the farmers  
27 market. This application shall include, at a minimum: (i) A map of  
28 the farmers market showing all booths, stalls, or other designated  
29 locations at which an approved domestic brewery 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 domestic brewery to sell  
34 bottled beer at retail at its farmers market location, the board shall  
35 notify the persons or entities of such application for authorization  
36 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under  
37 this subsection (4)(e) may be withdrawn by the board for any violation  
38 of this title or any rules adopted under this title.

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

4 (g) For the purposes of this subsection:

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

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

12 (B) The total combined gross annual sales of vendors who are  
13 farmers exceeds the total combined gross annual sales of vendors who  
14 are processors or resellers;

15 (C) The total combined gross annual sales of vendors who are  
16 farmers, processors, or resellers exceeds the total combined gross  
17 annual sales of vendors who are not farmers, processors, or resellers;

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

20 (E) No vendor is a franchisee.

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

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

28 (iv) "Reseller" means a natural person who buys agricultural  
29 products from a farmer and resells the products directly to the  
30 consumer.

31 **Sec. 2.** RCW 66.24.244 and 1998 c 126 s 3 are each amended to read  
32 as follows:

33 (1) There shall be a license for microbreweries; fee to be one  
34 hundred dollars for production of less than sixty thousand barrels of  
35 malt liquor per year.

36 (2) Any microbrewery license under this section may also act as a  
37 distributor and/or retailer for beer of its own production. Any

1 microbrewery operating as a distributor and/or retailer under this  
2 subsection shall comply with the applicable laws and rules relating to  
3 distributors and/or retailers.

4 (3) The board may issue an endorsement to this license allowing for  
5 on-premises consumption of beer, wine, or both of other manufacture if  
6 purchased from a Washington state-licensed distributor. Each  
7 endorsement shall cost two hundred dollars per year, or four hundred  
8 dollars per year allowing the sale and service of both beer and wine.

9 (4) The microbrewer obtaining such endorsement must determine, at  
10 the time the endorsement is issued, whether the licensed premises will  
11 be operated either as a tavern with persons under twenty-one years of  
12 age not allowed as provided for in RCW 66.24.330, or as a beer and/or  
13 wine restaurant as described in RCW 66.24.320.

14 (5)(a) A microbrewery licensed under this section may apply to the  
15 board for an endorsement to sell bottled beer of its own production at  
16 retail for off-premises consumption at a qualifying farmers market.  
17 The annual fee for this endorsement is seventy-five dollars.

18 (b) For each month during which a microbrewery will sell beer at a  
19 qualifying farmers market, the microbrewery must provide the board or  
20 its designee a list of the dates, times, and locations at which bottled  
21 beer may be offered for sale. This list must be received by the board  
22 before the microbrewery may offer beer for sale at a qualifying farmers  
23 market.

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

26 (d) Each approved location in a qualifying farmers market is deemed  
27 to be part of the microbrewery license for the purpose of this title.  
28 The approved locations under an endorsement granted under this  
29 subsection (5) do not constitute the tasting or sampling privilege of  
30 a microbrewery. The microbrewery may not store beer at a farmers  
31 market beyond the hours that the microbrewery offers bottled beer for  
32 sale. The microbrewery may not act as a distributor from a farmers  
33 market location.

34 (e) Before a microbrewery may sell bottled beer at a qualifying  
35 farmers market, the farmers market must apply to the board for  
36 authorization for any microbrewery with an endorsement approved under  
37 this subsection (5) to sell bottled beer at retail at the farmers  
38 market. This application shall include, at a minimum: (i) A map of

1 the farmers market showing all booths, stalls, or other designated  
2 locations at which an approved microbrewery may sell bottled beer; and  
3 (ii) the name and contact information for the on-site market managers  
4 who may be contacted by the board or its designee to verify the  
5 locations at which bottled beer may be sold. Before authorizing a  
6 qualifying farmers market to allow an approved microbrewery to sell  
7 bottled beer at retail at its farmers market location, the board shall  
8 notify the persons or entities of the application for authorization  
9 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under  
10 this subsection (5)(e) may be withdrawn by the board for any violation  
11 of this title or any rules adopted under this title.

12 (f) The board may adopt rules establishing the application and  
13 approval process under this section and any additional rules necessary  
14 to implement this section.

15 (g) For the purposes of this subsection (5):

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

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

23 (B) The total combined gross annual sales of vendors who are  
24 farmers exceeds the total combined gross annual sales of vendors who  
25 are processors or resellers;

26 (C) The total combined gross annual sales of vendors who are  
27 farmers, processors, or resellers exceeds the total combined gross  
28 annual sales of vendors who are not farmers, processors, or resellers;

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

31 (E) No vendor is a franchisee.

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

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

1        (iv) "Reseller" means a natural person who buys agricultural  
2 products from a farmer and resells the products directly to the  
3 consumer.

4        NEW SECTION. Sec. 3. A new section is added to chapter 66.28 RCW  
5 to read as follows:

6        Licensed beer distributors may not buy or sell beer, for purposes  
7 of distribution, at farmers market locations authorized by the board  
8 pursuant to this act.

      Passed by the House April 22, 2003.

      Passed by the Senate April 8, 2003.

      Approved by the Governor May 8, 2003.

      Filed in Office of Secretary of State May 8, 2003.