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**SUBSTITUTE SENATE BILL 5611**

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**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** Senate Committee on Labor, Commerce, Research & Development  
(originally sponsored by Senators Jacobsen, Kohl-Welles, Pflug,  
Clements and Rasmussen)

READ FIRST TIME 02/15/07.

1       AN ACT Relating to a separate location for certain licenses for  
2 microbreweries and domestic breweries; amending RCW 66.24.244 and  
3 66.24.240; reenacting and amending RCW 66.24.244, 66.24.240, and  
4 66.28.010; providing an effective date; and providing an expiration  
5 date.

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

7       **Sec. 1.** RCW 66.24.244 and 2006 c 302 s 3 and 2006 c 44 s 2 are  
8 each reenacted and amended to read as follows:

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

12       (2) Any microbrewery license under this section may also act as a  
13 distributor and/or retailer for beer and strong beer of its own  
14 production. Any microbrewery licensed under this section may act as a  
15 distributor for beer of its own production. Strong beer may not be  
16 sold at a farmers market or under any endorsement which may authorize  
17 microbreweries to sell beer at farmers markets. Any microbrewery  
18 operating as a distributor and/or retailer under this subsection shall  
19 comply with the applicable laws and rules relating to distributors

1 and/or retailers. A microbrewery holding a spirits, beer, and wine  
2 restaurant license may sell beer of its own production for off-premises  
3 consumption from its restaurant premises in kegs or in a sanitary  
4 container brought to the premises by the purchaser or furnished by the  
5 licensee and filled at the tap by the licensee at the time of sale.

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

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

17 ~~((5))~~ (3) A microbrewery may hold a retail license under this  
18 chapter. This retail license is separate from the brewery license.  
19 The licensee may exercise any of the privileges and endorsements  
20 granted under the retail license. If the licensee holds a separate  
21 license for a spirits, beer, and wine restaurant or a beer and/or wine  
22 license operated on the brewery premises, the licensee may hold a  
23 second retail license for a spirits, beer, and wine restaurant license  
24 or a beer and/or wine license at a location separate from the licensed  
25 brewery premises.

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

30 (b) For each month during which a microbrewery will sell beer at a  
31 qualifying farmers market, the microbrewery must provide the board or  
32 its designee a list of the dates, times, and locations at which bottled  
33 beer may be offered for sale. This list must be received by the board  
34 before the microbrewery may offer beer for sale at a qualifying farmers  
35 market.

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

1 (d) Each approved location in a qualifying farmers market is deemed  
2 to be part of the microbrewery license for the purpose of this title.  
3 The approved locations under an endorsement granted under this  
4 subsection (~~((+5+))~~) (3) do not constitute the tasting or sampling  
5 privilege of a microbrewery. The microbrewery may not store beer at a  
6 farmers market beyond the hours that the microbrewery offers bottled  
7 beer for sale. The microbrewery may not act as a distributor from a  
8 farmers market location.

9 (e) Before a microbrewery may sell bottled beer at a qualifying  
10 farmers market, the farmers market must apply to the board for  
11 authorization for any microbrewery with an endorsement approved under  
12 this subsection (~~((+5+))~~) (3) to sell bottled beer at retail at the  
13 farmers market. This application shall include, at a minimum: (i) A  
14 map of the farmers market showing all booths, stalls, or other  
15 designated locations at which an approved microbrewery may sell bottled  
16 beer; and (ii) the name and contact information for the on-site market  
17 managers who may be contacted by the board or its designee to verify  
18 the locations at which bottled beer may be sold. Before authorizing a  
19 qualifying farmers market to allow an approved microbrewery to sell  
20 bottled beer at retail at its farmers market location, the board shall  
21 notify the persons or entities of the application for authorization  
22 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under  
23 this subsection (~~((+5+))~~) (3)(e) may be withdrawn by the board for any  
24 violation of this title or any rules adopted under this title.

25 (f) The board may adopt rules establishing the application and  
26 approval process under this section and any additional rules necessary  
27 to implement this section.

28 (g) For the purposes of this subsection (~~((+5+))~~) (3):

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

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

36 (B) The total combined gross annual sales of vendors who are  
37 farmers exceeds the total combined gross annual sales of vendors who  
38 are processors or resellers;

1 (C) The total combined gross annual sales of vendors who are  
2 farmers, processors, or resellers exceeds the total combined gross  
3 annual sales of vendors who are not farmers, processors, or resellers;

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

6 (E) No vendor is a franchisee.

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 leases  
13 in this state or in another state's county that borders this state.

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

17 **Sec. 2.** RCW 66.24.244 and 2006 c 44 s 2 are each amended to read  
18 as follows:

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

22 (2) Any microbrewery license under this section may also act as a  
23 distributor and/or retailer for beer and strong beer of its own  
24 production. Strong beer may not be sold at a farmers market or under  
25 any endorsement which may authorize microbreweries to sell beer at  
26 farmers markets. Any microbrewery operating as a distributor and/or  
27 retailer under this subsection shall comply with the applicable laws  
28 and rules relating to distributors and/or retailers. A microbrewery  
29 holding a spirits, beer, and wine restaurant license may sell beer of  
30 its own production for off-premises consumption from its restaurant  
31 premises in kegs or in a sanitary container brought to the premises by  
32 the purchaser or furnished by the licensee and filled at the tap by the  
33 licensee at the time of sale.

34 (~~(3)~~) (a) The board may issue an endorsement to this license  
35 allowing for on-premises consumption of beer, including strong beer,  
36 wine, or both of other manufacture if purchased from a Washington

1 state-licensed distributor. Each endorsement shall cost two hundred  
2 dollars per year, or four hundred dollars per year allowing the sale  
3 and service of both beer and wine.

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

9 ~~((5))~~ (3) A microbrewery may hold a retail license under this  
10 chapter. This retail license is separate from the brewery license.  
11 The licensee may exercise any of the privileges and endorsements  
12 granted under the retail license. If the licensee holds a separate  
13 license for a spirits, beer, and wine restaurant or a beer and/or wine  
14 license operated on the brewery premises, the licensee may hold a  
15 second retail license for a spirits, beer, and wine restaurant license  
16 or a beer and/or wine license at a location separate from the licensed  
17 brewery premises.

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

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

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

30 (d) Each approved location in a qualifying farmers market is deemed  
31 to be part of the microbrewery license for the purpose of this title.  
32 The approved locations under an endorsement granted under this  
33 subsection ~~((5))~~ (3) do not constitute the tasting or sampling  
34 privilege of a microbrewery. The microbrewery may not store beer at a  
35 farmers market beyond the hours that the microbrewery offers bottled  
36 beer for sale. The microbrewery may not act as a distributor from a  
37 farmers market location.

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

17 (f) The board may adopt rules establishing the application and  
18 approval process under this section and any additional rules necessary  
19 to implement this section.

20 (g) For the purposes of this subsection (~~((+5+))~~) (3):

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

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

28 (B) The total combined gross annual sales of vendors who are  
29 farmers exceeds the total combined gross annual sales of vendors who  
30 are processors or resellers;

31 (C) The total combined gross annual sales of vendors who are  
32 farmers, processors, or resellers exceeds the total combined gross  
33 annual sales of vendors who are not farmers, processors, or resellers;

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

36 (E) No vendor is a franchisee.

37 (ii) "Farmer" means a natural person who sells, with or without

1 processing, agricultural products that he or she raises on land he or  
2 she owns or leases in this state or in another state's county that  
3 borders this state.

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

7 (iv) "Reseller" means a natural person who buys agricultural  
8 products from a farmer and resells the products directly to the  
9 consumer.

10 **Sec. 3.** RCW 66.24.240 and 2006 c 302 s 2 and 2006 c 44 s 1 are  
11 each reenacted and amended to read as follows:

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

15 (2) Any domestic brewery, except for a brand owner of malt  
16 beverages under RCW 66.04.010(6), licensed under this section may also  
17 act as a retailer for beer of its own production. Any domestic brewery  
18 licensed under this section may act as a distributor for beer of its  
19 own production. Any domestic brewery operating as a distributor and/or  
20 retailer under this subsection shall comply with the applicable laws  
21 and rules relating to distributors and/or retailers. A domestic  
22 brewery holding a spirits, beer, and wine restaurant license may sell  
23 beer of its own production for off-premises consumption from its  
24 restaurant premises in kegs or in a sanitary container brought to the  
25 premises by the purchaser or furnished by the licensee and filled at  
26 the tap by the licensee at the time of sale.

27 (3) A domestic brewery may hold a retail license under this  
28 chapter. This retail license is separate from the brewery license.  
29 The licensee may exercise any of the privileges and endorsements  
30 granted under the retail license. If the licensee holds a separate  
31 license for a spirits, beer, and wine restaurant or a beer and/or wine  
32 restaurant operated on the brewery premises, the licensee may hold a  
33 second retail license for a spirits, beer, and wine restaurant license  
34 or a beer and/or wine restaurant license at a location separate from  
35 the brewery premises.

36 (4) Any domestic brewery licensed under this section may contract-

1 produce beer for a brand owner of malt beverages defined under RCW  
2 66.04.010(6), and this contract-production is not a sale for the  
3 purposes of RCW 66.28.170 and 66.28.180.

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

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

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

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

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



1 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under  
2 this subsection (~~((4))~~) (5)(e) may be withdrawn by the board for any  
3 violation of this title or any rules 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 be  
6 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 following  
12 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 resellers;

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

23 (E) No vendor is a franchisee.

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

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

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

34 **Sec. 4.** RCW 66.24.240 and 2006 c 44 s 1 are each amended to read  
35 as follows:

36 (1) There shall be a license for domestic breweries; fee to be two

1 thousand dollars for production of sixty thousand barrels or more of  
2 malt liquor per year.

3 (2) Any domestic brewery, except for a brand owner of malt  
4 beverages under RCW 66.04.010(6), licensed under this section may also  
5 act as a distributor and/or retailer for beer of its own production.  
6 Any domestic brewery operating as a distributor and/or retailer under  
7 this subsection shall comply with the applicable laws and rules  
8 relating to distributors and/or retailers. A domestic brewery holding  
9 a spirits, beer, and wine restaurant license may sell beer of its own  
10 production for off-premises consumption from its restaurant premises in  
11 kegs or in a sanitary container brought to the premises by the  
12 purchaser or furnished by the licensee and filled at the tap by the  
13 licensee at the time of sale.

14 (3) A domestic brewery may hold a retail license under this  
15 chapter. This retail license is separate from the brewery license.  
16 The licensee may exercise any of the privileges and endorsements  
17 granted under the retail license. If the licensee holds a separate  
18 license for a spirits, beer, and wine restaurant or a beer and/or wine  
19 restaurant operated on the brewery premises, the licensee may hold a  
20 second retail license for a spirits, beer, and wine restaurant license  
21 or a beer and/or wine restaurant license at a location separate from  
22 the brewery premises.

23 (4) Any domestic brewery licensed under this section may contract-  
24 produce beer for a brand owner of malt beverages defined under RCW  
25 66.04.010(6), and this contract-production is not a sale for the  
26 purposes of RCW 66.28.170 and 66.28.180.

27 ((+4)) (5)(a) A domestic brewery licensed under this section and  
28 qualified for a reduced rate of taxation pursuant to RCW  
29 66.24.290(3)(b) may apply to the board for an endorsement to sell  
30 bottled beer of its own production at retail for off-premises  
31 consumption at a qualifying farmers market. The annual fee for this  
32 endorsement is seventy-five dollars.

33 (b) For each month during which a domestic brewery will sell beer  
34 at a qualifying farmers market, the domestic brewery must provide the  
35 board or its designee a list of the dates, times, and locations at  
36 which bottled beer may be offered for sale. This list must be received  
37 by the board before the domestic brewery may offer beer for sale at a  
38 qualifying farmers market.

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

3 (d) Each approved location in a qualifying farmers market is deemed  
4 to be part of the domestic brewery license for the purpose of this  
5 title. The approved locations under an endorsement granted under this  
6 subsection do not include the tasting or sampling privilege of a  
7 domestic brewery. The domestic brewery may not store beer at a farmers  
8 market beyond the hours that the domestic brewery offers bottled beer  
9 for sale. The domestic brewery may not act as a distributor from a  
10 farmers market location.

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

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

30 (g) For the purposes of this subsection:

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

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

1 (B) The total combined gross annual sales of vendors who are  
2 farmers exceeds the total combined gross annual sales of vendors who  
3 are processors or resellers;

4 (C) The total combined gross annual sales of vendors who are  
5 farmers, processors, or resellers exceeds the total combined gross  
6 annual sales of vendors who are not farmers, processors, or resellers;

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

9 (E) No vendor is a franchisee.

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

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

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

20 **Sec. 5.** RCW 66.28.010 and 2006 c 330 s 28, 2006 c 92 s 1, and 2006  
21 c 43 s 1 are each reenacted and amended to read as follows:

22 (1)(a) No manufacturer, importer, distributor, or authorized  
23 representative, or person financially interested, directly or  
24 indirectly, in such business; whether resident or nonresident, shall  
25 have any financial interest, direct or indirect, in any licensed retail  
26 business, unless the retail business is owned by a corporation in which  
27 a manufacturer or importer has no direct stock ownership and there are  
28 no interlocking officers and directors, the retail license is held by  
29 a corporation that is not owned directly or indirectly by a  
30 manufacturer or importer, the sales of liquor are incidental to the  
31 primary activity of operating the property as a hotel, alcoholic  
32 beverages produced by the manufacturer or importer or their  
33 subsidiaries are not sold at the licensed premises, and the board  
34 reviews the ownership and proposed method of operation of all involved  
35 entities and determines that there will not be an unacceptable level of  
36 control or undue influence over the operation or the retail licensee;  
37 nor shall any manufacturer, importer, distributor, or authorized

1 representative own any of the property upon which such licensed persons  
2 conduct their business; nor shall any such licensed person, under any  
3 arrangement whatsoever, conduct his or her business upon property in  
4 which any manufacturer, importer, distributor, or authorized  
5 representative has any interest unless title to that property is owned  
6 by a corporation in which a manufacturer has no direct stock ownership  
7 and there are no interlocking officers or directors, the retail license  
8 is held by a corporation that is not owned directly or indirectly by  
9 the manufacturer, the sales of liquor are incidental to the primary  
10 activity of operating the property either as a hotel or as an  
11 amphitheater offering live musical and similar live entertainment  
12 activities to the public, alcoholic beverages produced by the  
13 manufacturer or any of its subsidiaries are not sold at the licensed  
14 premises, and the board reviews the ownership and proposed method of  
15 operation of all involved entities and determines that there will not  
16 be an unacceptable level of control or undue influence over the  
17 operation of the retail licensee. Except as provided in subsection (3)  
18 of this section, no manufacturer, importer, distributor, or authorized  
19 representative shall advance moneys or moneys' worth to a licensed  
20 person under an arrangement, nor shall such licensed person receive,  
21 under an arrangement, an advance of moneys or moneys' worth. "Person"  
22 as used in this section only shall not include those state or federally  
23 chartered banks, state or federally chartered savings and loan  
24 associations, state or federally chartered mutual savings banks, or  
25 institutional investors which are not controlled directly or indirectly  
26 by a manufacturer, importer, distributor, or authorized representative  
27 as long as the bank, savings and loan association, or institutional  
28 investor does not influence or attempt to influence the purchasing  
29 practices of the retailer with respect to alcoholic beverages. Except  
30 as otherwise provided in this section, no manufacturer, importer,  
31 distributor, or authorized representative shall be eligible to receive  
32 or hold a retail license under this title, nor shall such manufacturer,  
33 importer, distributor, or authorized representative sell at retail any  
34 liquor as herein defined. A corporation granted an exemption under  
35 this subsection may use debt instruments issued in connection with  
36 financing construction or operations of its facilities.

37 (b) Nothing in this section shall prohibit a licensed domestic  
38 brewery or microbrewery from being licensed as a retailer pursuant to

1 chapter 66.24 RCW for the purpose of selling beer or wine at retail on  
2 the brewery premises and at one additional off-site retail only  
3 location and nothing in this section shall prohibit a domestic winery  
4 from being licensed as a retailer pursuant to chapter 66.24 RCW for the  
5 purpose of selling beer or wine at retail on the winery premises. Such  
6 beer and wine so sold at retail shall be subject to the taxes imposed  
7 by RCW 66.24.290 and 66.24.210 and to reporting and bonding  
8 requirements as prescribed by regulations adopted by the board pursuant  
9 to chapter 34.05 RCW, and beer and wine that is not produced by the  
10 brewery or winery shall be purchased from a licensed beer or wine  
11 distributor.

12 (c) Nothing in this section shall prohibit a licensed distiller,  
13 domestic brewery, microbrewery, domestic winery, or a lessee of a  
14 licensed domestic brewer, microbrewery, or domestic winery, from being  
15 licensed as a spirits, beer, and wine restaurant pursuant to chapter  
16 66.24 RCW for the purpose of selling liquor at a spirits, beer, and  
17 wine restaurant premises on the property on which the primary  
18 manufacturing facility of the licensed distiller, domestic brewer,  
19 microbrewery, or domestic winery is located or on contiguous property  
20 owned or leased by the licensed distiller, domestic brewer,  
21 microbrewery, or domestic winery as prescribed by rules adopted by the  
22 board pursuant to chapter 34.05 RCW. This section does not prohibit a  
23 brewery or microbrewery holding a spirits, beer, and wine restaurant  
24 license or a beer and/or wine license under chapter 66.24 RCW operated  
25 on the premises of the brewery or microbrewery from holding a second  
26 retail only license at a location separate from the premises of the  
27 brewery or microbrewery.

28 (d) Nothing in this section prohibits retail licensees with a  
29 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from  
30 operating on a domestic winery premises.

31 (e) Nothing in this section prohibits an organization qualifying  
32 under RCW 66.24.375 formed for the purpose of constructing and  
33 operating a facility to promote Washington wines from holding retail  
34 licenses on the facility property or leasing all or any portion of such  
35 facility property to a retail licensee on the facility property if the  
36 members of the board of directors or officers of the board for the  
37 organization include officers, directors, owners, or employees of a

1 licensed domestic winery. Financing for the construction of the  
2 facility must include both public and private money.

3 (f) Nothing in this section prohibits a bona fide charitable  
4 nonprofit society or association registered as a 501(c)(3) under the  
5 internal revenue code and having an officer, director, owner, or  
6 employee of a licensed domestic winery or a wine certificate of  
7 approval holder on its board of directors from holding a special  
8 occasion license under RCW 66.24.380.

9 (g) Nothing in this section prohibits domestic wineries and  
10 retailers licensed under chapter 66.24 RCW from jointly producing  
11 brochures and materials promoting tourism in Washington state which  
12 contain information regarding retail licensees, domestic wineries, and  
13 their products.

14 (h) Nothing in this section prohibits domestic wineries and retail  
15 licensees from identifying the wineries on private labels authorized  
16 under RCW 66.24.400, 66.24.425, and 66.24.450.

17 (i) Until July 1, 2007, nothing in this section prohibits a  
18 nonprofit statewide organization of microbreweries formed for the  
19 purpose of promoting Washington's craft beer industry as a trade  
20 association registered as a 501(c) with the internal revenue service  
21 from holding a special occasion license to conduct up to six beer  
22 festivals.

23 (2) Financial interest, direct or indirect, as used in this  
24 section, shall include any interest, whether by stock ownership,  
25 mortgage, lien, or through interlocking directors, or otherwise.  
26 Pursuant to rules promulgated by the board in accordance with chapter  
27 34.05 RCW manufacturers, distributors, and importers may perform, and  
28 retailers may accept the service of building, rotating and restocking  
29 case displays and stock room inventories; rotating and rearranging can  
30 and bottle displays of their own products; provide point of sale  
31 material and brand signs; price case goods of their own brands; and  
32 perform such similar normal business services as the board may by  
33 regulation prescribe.

34 (3)(a) This section does not prohibit a manufacturer, importer, or  
35 distributor from providing services to a special occasion licensee for:  
36 (i) Installation of draft beer dispensing equipment or advertising,  
37 (ii) advertising, pouring, or dispensing of beer or wine at a beer or  
38 wine tasting exhibition or judging event, or (iii) a special occasion

1 licensee from receiving any such services as may be provided by a  
2 manufacturer, importer, or distributor. Nothing in this section shall  
3 prohibit a retail licensee, or any person financially interested,  
4 directly or indirectly, in such a retail licensee from having a  
5 financial interest, direct or indirect, in a business which provides,  
6 for a compensation commensurate in value to the services provided,  
7 bottling, canning or other services to a manufacturer, so long as the  
8 retail licensee or person interested therein has no direct financial  
9 interest in or control of said manufacturer.

10 (b) A person holding contractual rights to payment from selling a  
11 liquor distributor's business and transferring the license shall not be  
12 deemed to have a financial interest under this section if the person  
13 (i) lacks any ownership in or control of the distributor, (ii) is not  
14 employed by the distributor, and (iii) does not influence or attempt to  
15 influence liquor purchases by retail liquor licensees from the  
16 distributor.

17 (c) The board shall adopt such rules as are deemed necessary to  
18 carry out the purposes and provisions of subsection (3)(a) of this  
19 section in accordance with the administrative procedure act, chapter  
20 34.05 RCW.

21 (4) A license issued under RCW 66.24.395 does not constitute a  
22 retail license for the purposes of this section.

23 (5) A public house license issued under RCW 66.24.580 does not  
24 violate the provisions of this section as to a retailer having an  
25 interest directly or indirectly in a liquor-licensed manufacturer.

26 NEW SECTION. **Sec. 6.** Sections 1 and 3 of this act expire June 30,  
27 2008.

28 NEW SECTION. **Sec. 7.** Sections 2 and 4 of this act take effect  
29 June 30, 2008.

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