# CERTIFICATION OF ENROLLMENT

### SUBSTITUTE SENATE BILL 6572

Chapter 248, Laws of 2008

60th Legislature 2008 Regular Session

MICROBREWERIES--OFF-PREMISES WAREHOUSES

EFFECTIVE DATE: 06/12/08 - Except section 2, which becomes effective 06/30/08

Passed by the Senate February 15, 2008 YEAS 44 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 5, 2008 YEAS 96 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved March 28, 2008, 11:25 a.m.

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SUBSTITUTE SENATE BILL 6572 as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 28, 2008

Secretary of State State of Washington

CHRISTINE GREGOIRE

Governor of the State of Washington

## SUBSTITUTE SENATE BILL 6572

Passed Legislature - 2008 Regular Session

## State of Washington 60th Legislature 2008 Regular Session

**By** Senate Labor, Commerce, Research & Development (originally sponsored by Senators Spanel, Jacobsen, Kohl-Welles, and McDermott)

READ FIRST TIME 02/07/08.

AN ACT Relating to off-premises microbrewery warehouses; reenacting and amending RCW 66.24.244 and 66.24.244; providing an effective date; and providing an expiration date.

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

5 Sec. 1. RCW 66.24.244 and 2007 c 370 s 4 and 2007 c 222 s 1 are 6 each reenacted and amended to read as follows:

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

10 (2) Any microbrewery licensed under this section may also act as a distributor and/or retailer for beer and strong beer of its own 11 production. Any microbrewery licensed under this section may act as a 12 13 distributor for beer of its own production. Strong beer may not be sold at a farmers market or under any endorsement which may authorize 14 15 microbreweries to sell beer at farmers markets. Any microbrewery operating as a distributor and/or retailer under this subsection shall 16 comply with the applicable laws and rules relating to distributors 17 and/or retailers, except that a microbrewery operating as a distributor 18 may maintain a warehouse off the premises of the microbrewery for the 19

distribution of beer provided that (a) the warehouse has been approved 1 2 by the board under RCW 66.24.010 and (b) the number of warehouses off the premises of the microbrewery does not exceed one. A microbrewery 3 holding a spirits, beer, and wine restaurant license may sell beer of 4 its own production for off-premises consumption from its restaurant 5 premises in kegs or in a sanitary container brought to the premises by 6 the purchaser or furnished by the licensee and filled at the tap by the 7 licensee at the time of sale. 8

9 (3) The board may issue a license allowing a microbrewery to 10 operate a spirits, beer, and wine restaurant under RCW 66.24.420.

(4) The board may issue a license to a microbrewery allowing for 11 on-premises consumption of beer, including strong beer, wine, or both 12 13 of other manufacture if purchased from a Washington state-licensed distributor. The microbrewer must determine, at the time the license 14 is issued, whether the licensed premises will be operated as a tavern 15 16 with persons under twenty-one years of age not allowed as provided for 17 in RCW 66.24.330, or as a beer and/or wine restaurant as described in RCW 66.24.320. 18

19 (5) A microbrewery that holds a spirits, beer, and wine restaurant 20 license or a beer and/or wine restaurant license shall hold the same 21 privileges and endorsements as permitted under RCW 66.24.320 and 22 66.24.420.

(6) If the microbrewery licensee holds a separate license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, operated on the brewery premises, the licensee may hold a second retail license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant, at a location separate from the licensed brewery premises.

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

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

p. 2

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

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

(e) Before a microbrewery may sell bottled beer at a qualifying 11 12 farmers market, the farmers market must apply to the board for 13 authorization for any microbrewery with an endorsement approved under this subsection (7) to sell bottled beer at retail at the farmers 14 This application shall include, at a minimum: (i) A map of 15 market. the farmers market showing all booths, stalls, or other designated 16 17 locations at which an approved microbrewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers 18 who may be contacted by the board or its designee to verify the 19 locations at which bottled beer may be sold. Before authorizing a 20 21 qualifying farmers market to allow an approved microbrewery to sell 22 bottled beer at retail at its farmers market location, the board shall notify the persons or entities of the application for authorization 23 24 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under 25 this subsection (7)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title. 26

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

30

(g) For the purposes of this subsection (7):

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

36 (A) There are at least five participating vendors who are farmers37 selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are
 farmers exceeds the total combined gross annual sales of vendors who
 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 vendor8 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.

(iii) "Processor" means a natural person who sells processed food
that he or she has personally prepared on land he or she owns or leases
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. 2. RCW 66.24.244 and 2007 c 370 s 5 and 2007 c 222 s 2 are 21 each reenacted and amended to read as follows:

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

(2) Any microbrewery licensed under this section may also act as a 25 26 distributor and/or retailer for beer and strong beer of its own production. Strong beer may not be sold at a farmers market or under 27 any endorsement which may authorize microbreweries to sell beer at 28 farmers markets. Any microbrewery operating as a distributor and/or 29 30 retailer under this subsection shall comply with the applicable laws 31 and rules relating to distributors and/or retailers, except that a microbrewery operating as a distributor may maintain a warehouse off 32 the premises of the microbrewery for the distribution of beer provided 33 that (a) the warehouse has been approved by the board under RCW 34 66.24.010 and (b) the number of warehouses off the premises of the 35 36 microbrewery does not exceed one. A microbrewery holding a spirits, 37 beer, and wine restaurant license may sell beer of its own production 1 for off-premises consumption from its restaurant premises in kegs or in 2 a sanitary container brought to the premises by the purchaser or 3 furnished by the licensee and filled at the tap by the licensee at the 4 time of sale.

5 (3) The board may issue a license allowing a microbrewery to 6 operate a spirits, beer, and wine restaurant under RCW 66.24.420.

7 (4) The board may issue a license to a microbrewery allowing for on-premises consumption of beer, including strong beer, wine, or both 8 of other manufacture if purchased from a Washington state-licensed 9 distributor. The microbrewer must determine, at the time the license 10 is issued, whether the licensed premises will be operated as a tavern 11 with persons under twenty-one years of age not allowed as provided for 12 13 in RCW 66.24.330, or as a beer and/or wine restaurant as described in 14 RCW 66.24.320.

(5) A microbrewery that holds a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320 and 66.24.420.

19 (6) If the microbrewery licensee holds a separate license for a 20 spirits, beer, and wine restaurant or a beer and/or wine restaurant, 21 operated on the brewery premises, the licensee may hold a second retail 22 license for a spirits, beer, and wine restaurant or a beer and/or wine 23 restaurant, at a location separate from the licensed brewery premises.

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

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

34 (c) The beer sold at qualifying farmers markets must be produced in35 Washington.

36 (d) Each approved location in a qualifying farmers market is deemed
 37 to be part of the microbrewery license for the purpose of this title.
 38 The approved locations under an endorsement granted under this

p. 5

subsection (7) do not constitute the tasting or sampling privilege of a microbrewery. The microbrewery may not store beer at a farmers market beyond the hours that the microbrewery offers bottled beer for sale. The microbrewery may not act as a distributor from a farmers market location.

(e) Before a microbrewery may sell bottled beer at a qualifying 6 7 farmers market, the farmers market must apply to the board for authorization for any microbrewery with an endorsement approved under 8 this subsection (7) to sell bottled beer at retail at the farmers 9 market. This application shall include, at a minimum: (i) A map of 10 the farmers market showing all booths, stalls, or other designated 11 locations at which an approved microbrewery may sell bottled beer; and 12 (ii) the name and contact information for the on-site market managers 13 who may be contacted by the board or its designee to verify the 14 locations at which bottled beer may be sold. Before authorizing a 15 16 qualifying farmers market to allow an approved microbrewery to sell 17 bottled beer at retail at its farmers market location, the board shall notify the persons or entities of the application for authorization 18 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under 19 this subsection (7)(e) may be withdrawn by the board for any violation 20 21 of this title or any rules adopted under this title.

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

25

(g) For the purposes of this subsection (7):

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

31 (A) There are at least five participating vendors who are farmers32 selling their own agricultural products;

33 (B) The total combined gross annual sales of vendors who are 34 farmers exceeds the total combined gross annual sales of vendors who 35 are processors or resellers;

36 (C) The total combined gross annual sales of vendors who are 37 farmers, processors, or resellers exceeds the total combined gross 38 annual sales of vendors who are not farmers, processors, or resellers; (D) The sale of imported items and secondhand items by any vendor
 is prohibited; and

3 (E) No vendor is a franchisee.

4 (ii) "Farmer" means a natural person who sells, with or without 5 processing, agricultural products that he or she raises on land he or 6 she owns or leases in this state or in another state's county that 7 borders this state.

8 (iii) "Processor" means a natural person who sells processed food 9 that he or she has personally prepared on land he or she owns or leases 10 in this state or in another state's county that borders this state.

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

14 <u>NEW SECTION.</u> Sec. 3. Section 1 of this act expires June 30, 2008.

15 <u>NEW SECTION.</u> Sec. 4. Section 2 of this act takes effect June 30, 16 2008.

> Passed by the Senate February 15, 2008. Passed by the House March 5, 2008. Approved by the Governor March 28, 2008. Filed in Office of Secretary of State March 28, 2008.