

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5859

Chapter 370, Laws of 2007

60th Legislature
2007 Regular Session

RETAIL LIQUOR LICENSES

EFFECTIVE DATE: 07/22/07 - Except sections 5 and 7, which become effective 06/30/08; and sections 10 through 20, which become effective 07/01/08.

Passed by the Senate April 16, 2007
YEAS 47 NAYS 2

BRAD OWEN

President of the Senate

Passed by the House April 6, 2007
YEAS 97 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5859** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

Approved May 8, 2007, 4:03 p.m.

FILED

May 10, 2007

CHRISTINE GREGOIRE

Governor of the State of Washington

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5859

AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

State of Washington 60th Legislature 2007 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Prentice, Clements and Murray; by request of Liquor Control Board)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to retail liquor licenses; amending RCW 66.24.375,
2 66.08.150, 66.24.244, 66.24.240, 66.44.310, 66.24.400, 66.08.180,
3 66.08.220, 66.20.010, 66.20.310, 66.24.410, and 66.24.440; reenacting
4 and amending RCW 66.28.010, 66.24.244, 66.24.240, 66.24.420, 66.24.320,
5 66.04.010, and 66.24.420; adding a new section to chapter 66.24 RCW;
6 providing effective dates; and providing an expiration date.

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

8 **Sec. 1.** RCW 66.24.375 and 1997 c 321 s 61 are each amended to read
9 as follows:

10 "Society or organization" as used in RCW 66.24.380 means a not-for-
11 profit group organized and operated (1) solely for charitable,
12 religious, social, political, educational, civic, fraternal, athletic,
13 or benevolent purposes, or (2) as a local wine industry association
14 registered under section 501(c)(6) of the internal revenue code as it
15 exists on the effective date of this section. No portion of the
16 profits from events sponsored by a not-for-profit group may be paid
17 directly or indirectly to members, officers, directors, or trustees
18 except for services performed for the organization. Any compensation
19 paid to its officers and executives must be only for actual services

1 and at levels comparable to the compensation for like positions within
2 the state. A society or organization which is registered with the
3 secretary of state or the federal internal revenue service as a
4 nonprofit organization (~~may~~) shall submit such registration, upon
5 request, as proof that it is a not-for-profit group.

6 **Sec. 2.** RCW 66.28.010 and 2006 c 330 s 28, 2006 c 92 s 1, and 2006
7 c 43 s 1 are each reenacted and amended to read as follows:

8 (1)(a) No manufacturer, importer, distributor, or authorized
9 representative, or person financially interested, directly or
10 indirectly, in such business; whether resident or nonresident, shall
11 have any financial interest, direct or indirect, in any licensed retail
12 business, unless the retail business is owned by a corporation in which
13 a manufacturer or importer has no direct stock ownership and there are
14 no interlocking officers and directors, the retail license is held by
15 a corporation that is not owned directly or indirectly by a
16 manufacturer or importer, the sales of liquor are incidental to the
17 primary activity of operating the property as a hotel, alcoholic
18 beverages produced by the manufacturer or importer or their
19 subsidiaries are not sold at the licensed premises, and the board
20 reviews the ownership and proposed method of operation of all involved
21 entities and determines that there will not be an unacceptable level of
22 control or undue influence over the operation or the retail licensee;
23 nor shall any manufacturer, importer, distributor, or authorized
24 representative own any of the property upon which such licensed persons
25 conduct their business; nor shall any such licensed person, under any
26 arrangement whatsoever, conduct his or her business upon property in
27 which any manufacturer, importer, distributor, or authorized
28 representative has any interest unless title to that property is owned
29 by a corporation in which a manufacturer has no direct stock ownership
30 and there are no interlocking officers or directors, the retail license
31 is held by a corporation that is not owned directly or indirectly by
32 the manufacturer, the sales of liquor are incidental to the primary
33 activity of operating the property either as a hotel or as an
34 amphitheater offering live musical and similar live entertainment
35 activities to the public, alcoholic beverages produced by the
36 manufacturer or any of its subsidiaries are not sold at the licensed
37 premises, and the board reviews the ownership and proposed method of

1 operation of all involved entities and determines that there will not
2 be an unacceptable level of control or undue influence over the
3 operation of the retail licensee. Except as provided in subsection (3)
4 of this section, no manufacturer, importer, distributor, or authorized
5 representative shall advance moneys or moneys' worth to a licensed
6 person under an arrangement, nor shall such licensed person receive,
7 under an arrangement, an advance of moneys or moneys' worth. "Person"
8 as used in this section only shall not include those state or federally
9 chartered banks, state or federally chartered savings and loan
10 associations, state or federally chartered mutual savings banks, or
11 institutional investors which are not controlled directly or indirectly
12 by a manufacturer, importer, distributor, or authorized representative
13 as long as the bank, savings and loan association, or institutional
14 investor does not influence or attempt to influence the purchasing
15 practices of the retailer with respect to alcoholic beverages. Except
16 as otherwise provided in this section, no manufacturer, importer,
17 distributor, or authorized representative shall be eligible to receive
18 or hold a retail license under this title, nor shall such manufacturer,
19 importer, distributor, or authorized representative sell at retail any
20 liquor as herein defined. A corporation granted an exemption under
21 this subsection may use debt instruments issued in connection with
22 financing construction or operations of its facilities.

23 (b) Nothing in this section shall prohibit a licensed domestic
24 brewery or microbrewery from being licensed as a retailer pursuant to
25 chapter 66.24 RCW for the purpose of selling beer or wine at retail on
26 the brewery premises and at one additional off-site retail only
27 location and nothing in this section shall prohibit a domestic winery
28 from being licensed as a retailer pursuant to chapter 66.24 RCW for the
29 purpose of selling beer or wine at retail on the winery premises. Such
30 beer and wine so sold at retail shall be subject to the taxes imposed
31 by RCW 66.24.290 and 66.24.210 and to reporting and bonding
32 requirements as prescribed by regulations adopted by the board pursuant
33 to chapter 34.05 RCW, and beer and wine that is not produced by the
34 brewery or winery shall be purchased from a licensed beer or wine
35 distributor.

36 (c) Nothing in this section shall prohibit a licensed distiller,
37 domestic brewery, microbrewery, domestic winery, or a lessee of a
38 licensed domestic brewer, microbrewery, or domestic winery, from being

1 licensed as a spirits, beer, and wine restaurant pursuant to chapter
2 66.24 RCW for the purpose of selling liquor at a spirits, beer, and
3 wine restaurant premises on the property on which the primary
4 manufacturing facility of the licensed distiller, domestic brewer,
5 microbrewery, or domestic winery is located or on contiguous property
6 owned or leased by the licensed distiller, domestic brewer,
7 microbrewery, or domestic winery as prescribed by rules adopted by the
8 board pursuant to chapter 34.05 RCW. This section does not prohibit a
9 brewery or microbrewery holding a spirits, beer, and wine restaurant
10 license or a beer and/or wine license under chapter 66.24 RCW operated
11 on the premises of the brewery or microbrewery from holding a second
12 retail only license at a location separate from the premises of the
13 brewery or microbrewery.

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

17 (e) Nothing in this section prohibits an organization qualifying
18 under RCW 66.24.375 formed for the purpose of constructing and
19 operating a facility to promote Washington wines from holding retail
20 licenses on the facility property or leasing all or any portion of such
21 facility property to a retail licensee on the facility property if the
22 members of the board of directors or officers of the board for the
23 organization include officers, directors, owners, or employees of a
24 licensed domestic winery. Financing for the construction of the
25 facility must include both public and private money.

26 (f) Nothing in this section prohibits a bona fide charitable
27 nonprofit society or association registered (~~as a~~) under section
28 501(c)(3) (~~under~~) of the internal revenue code, or a local wine
29 industry association registered under section 501(c)(6) of the internal
30 revenue code as it exists on the effective date of this section, and
31 having an officer, director, owner, or employee of a licensed domestic
32 winery or a wine certificate of approval holder on its board of
33 directors from holding a special occasion license under RCW 66.24.380.

34 (g) Nothing in this section prohibits domestic wineries and
35 retailers licensed under chapter 66.24 RCW from jointly producing
36 brochures and materials promoting tourism in Washington state which
37 contain information regarding retail licensees, domestic wineries, and
38 their products.

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

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

10 (2) Financial interest, direct or indirect, as used in this
11 section, shall include any interest, whether by stock ownership,
12 mortgage, lien, or through interlocking directors, or otherwise.
13 Pursuant to rules promulgated by the board in accordance with chapter
14 34.05 RCW manufacturers, distributors, and importers may perform, and
15 retailers may accept the service of building, rotating and restocking
16 case displays and stock room inventories; rotating and rearranging can
17 and bottle displays of their own products; provide point of sale
18 material and brand signs; price case goods of their own brands; and
19 perform such similar normal business services as the board may by
20 regulation prescribe.

21 (3)(a) This section does not prohibit a manufacturer, importer, or
22 distributor from providing services to a special occasion licensee for:
23 (i) Installation of draft beer dispensing equipment or advertising,
24 (ii) advertising, pouring, or dispensing of beer or wine at a beer or
25 wine tasting exhibition or judging event, or (iii) a special occasion
26 licensee from receiving any such services as may be provided by a
27 manufacturer, importer, or distributor. Nothing in this section shall
28 prohibit a retail licensee, or any person financially interested,
29 directly or indirectly, in such a retail licensee from having a
30 financial interest, direct or indirect, in a business which provides,
31 for a compensation commensurate in value to the services provided,
32 bottling, canning or other services to a manufacturer, so long as the
33 retail licensee or person interested therein has no direct financial
34 interest in or control of said manufacturer.

35 (b) A person holding contractual rights to payment from selling a
36 liquor distributor's business and transferring the license shall not be
37 deemed to have a financial interest under this section if the person
38 (i) lacks any ownership in or control of the distributor, (ii) is not

1 employed by the distributor, and (iii) does not influence or attempt to
2 influence liquor purchases by retail liquor licensees from the
3 distributor.

4 (c) The board shall adopt such rules as are deemed necessary to
5 carry out the purposes and provisions of subsection (3)(a) of this
6 section in accordance with the administrative procedure act, chapter
7 34.05 RCW.

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

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

13 **Sec. 3.** RCW 66.08.150 and 2003 c 320 s 1 are each amended to read
14 as follows:

15 The action, order, or decision of the board as to any denial of an
16 application for the reissuance of a permit or license or as to any
17 revocation, suspension, or modification of any permit or license shall
18 be an adjudicative proceeding and subject to the applicable provisions
19 of chapter 34.05 RCW.

20 (1) An opportunity for a hearing may be provided an applicant for
21 the reissuance of a permit or license prior to the disposition of the
22 application, and if no such opportunity for a prior hearing is provided
23 then an opportunity for a hearing to reconsider the application must be
24 provided the applicant.

25 (2) An opportunity for a hearing must be provided a permittee or
26 licensee prior to a revocation or modification of any permit or license
27 and, except as provided in subsection (4) of this section, prior to the
28 suspension of any permit or license.

29 (3) No hearing shall be required until demanded by the applicant,
30 permittee, or licensee.

31 (4) The board may summarily suspend a license or permit for a
32 period of up to one hundred eighty days without a prior hearing if it
33 finds that public health, safety, or welfare imperatively require
34 emergency action, and it incorporates a finding to that effect in its
35 order(~~(; and)~~). Proceedings for revocation or other action must be
36 promptly instituted and determined. An administrative law judge may
37 extend the summary suspension period for up to one calendar year in the

1 event the proceedings for revocation or other action cannot be
2 completed during the initial one hundred eighty day period due to
3 actions by the licensee or permittee. The board's enforcement division
4 shall complete a preliminary staff investigation of the violation
5 before requesting an emergency suspension by the board.

6 **Sec. 4.** RCW 66.24.244 and 2006 c 302 s 3 and 2006 c 44 s 2 are
7 each reenacted and amended to read as follows:

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

11 (2) Any microbrewery license under this section may also act as a
12 distributor and/or retailer for beer and strong beer of its own
13 production. Any microbrewery licensed under this section may act as a
14 distributor for beer of its own production. Strong beer may not be
15 sold at a farmers market or under any endorsement which may authorize
16 microbreweries to sell beer at farmers markets. Any microbrewery
17 operating as a distributor and/or retailer under this subsection shall
18 comply with the applicable laws and rules relating to distributors
19 and/or retailers. A microbrewery holding a spirits, beer, and wine
20 restaurant license may sell beer of its own production for off-premises
21 consumption from its restaurant premises in kegs or in a sanitary
22 container brought to the premises by the purchaser or furnished by the
23 licensee and filled at the tap by the licensee at the time of sale.

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

26 (4) The board may issue ~~((an endorsement to this))~~ a license
27 allowing for on-premises consumption of beer, including strong beer,
28 wine, or both of other manufacture if purchased from a Washington
29 state-licensed distributor. ~~((Each endorsement shall cost two hundred~~
30 ~~dollars per year, or four hundred dollars per year allowing the sale~~
31 ~~and service of both beer and wine.~~

32 ~~(4))~~ The microbrewer ~~((obtaining such endorsement))~~ must
33 determine, at the time the ~~((endorsement))~~ license is issued, whether
34 the licensed premises will be operated ~~((either))~~ as a tavern with
35 persons under twenty-one years of age not allowed as provided for in
36 RCW 66.24.330, or as a beer and/or wine restaurant as described in RCW
37 66.24.320.

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

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

10 (b) For each month during which a microbrewery will sell beer at a
11 qualifying farmers market, the microbrewery must provide the board or
12 its designee a list of the dates, times, and locations at which bottled
13 beer may be offered for sale. This list must be received by the board
14 before the microbrewery may offer beer for sale at a qualifying farmers
15 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 microbrewery license for the purpose of this title.
20 The approved locations under an endorsement granted under this
21 subsection (~~((5))~~) (6) do not constitute the tasting or sampling
22 privilege of a microbrewery. The microbrewery may not store beer at a
23 farmers market beyond the hours that the microbrewery offers bottled
24 beer for sale. The microbrewery may not act as a distributor from a
25 farmers market location.

26 (e) Before a microbrewery may sell bottled beer at a qualifying
27 farmers market, the farmers market must apply to the board for
28 authorization for any microbrewery with an endorsement approved under
29 this subsection (~~((5))~~) (6) to sell bottled beer at retail at the
30 farmers market. This application shall include, at a minimum: (i) A
31 map of the farmers market showing all booths, stalls, or other
32 designated locations at which an approved microbrewery may sell bottled
33 beer; 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 microbrewery to sell
37 bottled beer at retail at its farmers market location, the board shall
38 notify the persons or entities of the application for authorization

1 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
2 this subsection (~~((+5+))~~) (6)(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 any additional rules necessary
6 to implement this section.

7 (g) For the purposes of this subsection (~~((+5+))~~) (6):

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. 5.** RCW 66.24.244 and 2006 c 44 s 2 are each amended to read
35 as follows:

36 (1) There shall be a license for microbreweries; fee to be one

1 hundred dollars for production of less than sixty thousand barrels of
2 malt liquor, including strong beer, per year.

3 (2) Any microbrewery license under this section may also act as a
4 distributor and/or retailer for beer and strong beer of its own
5 production. Strong beer may not be sold at a farmers market or under
6 any endorsement which may authorize microbreweries to sell beer at
7 farmers markets. Any microbrewery operating as a distributor and/or
8 retailer under this subsection shall comply with the applicable laws
9 and rules relating to distributors and/or retailers. A microbrewery
10 holding a spirits, beer, and wine restaurant license may sell beer of
11 its own production for off-premises consumption from its restaurant
12 premises in kegs or in a sanitary container brought to the premises by
13 the purchaser or furnished by the licensee and filled at the tap by the
14 licensee at the time of sale.

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

17 (4) The board may issue (~~(an endorsement to this)~~) a license
18 allowing for on-premises consumption of beer, including strong beer,
19 wine, or both of other manufacture if purchased from a Washington
20 state-licensed distributor. (~~(Each endorsement shall cost two hundred~~
21 ~~dollars per year, or four hundred dollars per year allowing the sale~~
22 ~~and service of both beer and wine.~~

23 (4)) The microbrewer (~~(obtaining such endorsement)~~) must
24 determine, at the time the (~~(endorsement)~~) license is issued, whether
25 the licensed premises will be operated (~~(either)~~) as a tavern with
26 persons under twenty-one years of age not allowed as provided for in
27 RCW 66.24.330, or as a beer and/or wine restaurant as described in RCW
28 66.24.320.

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

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

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

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

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

17 (e) Before a microbrewery may sell bottled beer at a qualifying
18 farmers market, the farmers market must apply to the board for
19 authorization for any microbrewery with an endorsement approved under
20 this subsection (~~((+5+))~~) (6) to sell bottled beer at retail at the
21 farmers market. This application shall include, at a minimum: (i) A
22 map of the farmers market showing all booths, stalls, or other
23 designated locations at which an approved microbrewery may sell bottled
24 beer; and (ii) the name and contact information for the on-site market
25 managers who may be contacted by the board or its designee to verify
26 the locations at which bottled beer may be sold. Before authorizing a
27 qualifying farmers market to allow an approved microbrewery to sell
28 bottled beer at retail at its farmers market location, the board shall
29 notify the persons or entities of the application for authorization
30 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
31 this subsection (~~((+5+))~~) (6)(e) may be withdrawn by the board for any
32 violation of this title or any rules adopted under this title.

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

36 (g) For the purposes of this subsection (~~((+5+))~~) (6):

37 (i) "Qualifying farmers market" means an entity that sponsors a
38 regular assembly of vendors at a defined location for the purpose of

1 promoting the sale of agricultural products grown or produced in this
2 state directly to the consumer under conditions that meet the following
3 minimum requirements:

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

6 (B) The total combined gross annual sales of vendors who are
7 farmers exceeds the total combined gross annual sales of vendors who
8 are processors or resellers;

9 (C) The total combined gross annual sales of vendors who are
10 farmers, processors, or resellers exceeds the total combined gross
11 annual sales of vendors who are not farmers, processors, or resellers;

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

14 (E) No vendor is a franchisee.

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

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

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

25 **Sec. 6.** RCW 66.24.240 and 2006 c 302 s 2 and 2006 c 44 s 1 are
26 each reenacted and amended to read as follows:

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

30 (2) Any domestic brewery, except for a brand owner of malt
31 beverages under RCW 66.04.010(6), licensed under this section may also
32 act as a retailer for beer of its own production. Any domestic brewery
33 licensed under this section may act as a distributor for beer of its
34 own production. Any domestic brewery operating as a distributor and/or
35 retailer under this subsection shall comply with the applicable laws
36 and rules relating to distributors and/or retailers. A domestic
37 brewery holding a spirits, beer, and wine restaurant license may sell

1 beer of its own production for off-premises consumption from its
2 restaurant premises in kegs or in a sanitary container brought to the
3 premises by the purchaser or furnished by the licensee and filled at
4 the tap by the licensee at the time of sale.

5 (3) A domestic brewery may hold a retail license under this
6 chapter. This retail license is separate from the brewery license. A
7 brewery that holds a spirits, beer, and wine restaurant license or a
8 beer and/or wine restaurant license shall hold the same privileges and
9 endorsements as permitted under RCW 66.24.320 and 66.24.420.

10 (4) If the brewery licensee holds a separate license for a spirits,
11 beer, and wine restaurant or a beer and/or wine restaurant operated on
12 the brewery premises, the licensee may hold a second retail license for
13 a spirits, beer, and wine restaurant or a beer and/or wine restaurant
14 at a location separate from the brewery premises.

15 (5) Any domestic brewery licensed under this section may contract-
16 produce beer for a brand owner of malt beverages defined under RCW
17 66.04.010(6), and this contract-production is not a sale for the
18 purposes of RCW 66.28.170 and 66.28.180.

19 ~~((4))~~ (6)(a) A domestic brewery licensed under this section and
20 qualified for a reduced rate of taxation pursuant to RCW
21 66.24.290(3)(b) may apply to the board for an endorsement to sell
22 bottled beer of its own production at retail for off-premises
23 consumption at a qualifying farmers market. The annual fee for this
24 endorsement is seventy-five dollars.

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

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

33 (d) Each approved location in a qualifying farmers market is deemed
34 to be part of the domestic brewery license for the purpose of this
35 title. The approved locations under an endorsement granted under this
36 subsection do not include the tasting or sampling privilege of a
37 domestic brewery. The domestic brewery may not store beer at a farmers

1 market beyond the hours that the domestic brewery offers bottled beer
2 for sale. The domestic brewery may not act as a distributor from a
3 farmers market location.

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

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

23 (g) For the purposes of this subsection:

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

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

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

34 (C) The total combined gross annual sales of vendors who are
35 farmers, processors, or resellers exceeds the total combined gross
36 annual sales of vendors who are not farmers, processors, or resellers;

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

1 (E) No vendor is a franchisee.

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

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

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

12 **Sec. 7.** RCW 66.24.240 and 2006 c 44 s 1 are each amended to read
13 as follows:

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

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

28 (3) A domestic brewery may hold a retail license under this
29 chapter. This retail license is separate from the brewery license. A
30 brewery that holds a spirits, beer, and wine restaurant license or a
31 beer and/or wine restaurant license shall hold the same privileges and
32 endorsements as permitted under RCW 66.24.320 and 66.24.420.

33 (4) If the brewery licensee holds a separate license for a spirits,
34 beer, and wine restaurant or a beer and/or wine restaurant operated on
35 the brewery premises, the licensee may hold a second retail license for
36 a spirits, beer, and wine restaurant or a beer and/or wine restaurant
37 at a location separate from the brewery premises.

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

5 (~~(4)~~) (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 received
15 by the board before the domestic brewery may offer beer for sale at a
16 qualifying farmers market.

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

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

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

1 notify the persons or entities of such application for authorization
2 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
3 this subsection (~~((4))~~) (6)(e) may be withdrawn by the board for any
4 violation of this title or any rules adopted under this title.

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

8 (g) For the purposes of this subsection:

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

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

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

19 (C) The total combined gross annual sales of vendors who are
20 farmers, processors, or resellers exceeds the total combined gross
21 annual sales of vendors who are not farmers, processors, or 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 leases
31 in this state or in another state's county that borders this state.

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

35 **Sec. 8.** RCW 66.24.420 and 2006 c 101 s 3 and 2006 c 85 s 1 are
36 each reenacted and amended to read as follows:

1 (1) The spirits, beer, and wine restaurant license shall be issued
2 in accordance with the following schedule of annual fees:

3 (a) The annual fee for a spirits, beer, and wine restaurant license
4 shall be graduated according to the dedicated dining area and type of
5 service provided as follows:

6	Less than 50% dedicated dining area	\$2,000
7	50% or more dedicated dining area	\$1,600
8	Service bar only	\$1,000

9 (b) The annual fee for the license when issued to any other
10 spirits, beer, and wine restaurant licensee outside of incorporated
11 cities and towns shall be prorated according to the calendar quarters,
12 or portion thereof, during which the licensee is open for business,
13 except in case of suspension or revocation of the license.

14 (c) Where the license shall be issued to any corporation,
15 association or person operating a bona fide restaurant in an airport
16 terminal facility providing service to transient passengers with more
17 than one place where liquor is to be dispensed and sold, such license
18 shall be issued upon the payment of the annual fee, which shall be a
19 master license and shall permit such sale within and from one such
20 place. Such license may be extended to additional places on the
21 premises at the discretion of the board and a duplicate license may be
22 issued for each such additional place. The holder of a master license
23 for a restaurant in an airport terminal facility must maintain in a
24 substantial manner at least one place on the premises for preparing,
25 cooking, and serving of complete meals, and such food service shall be
26 available on request in other licensed places on the premises. An
27 additional license fee of twenty-five percent of the annual master
28 license fee shall be required for such duplicate licenses.

29 (d) Where the license shall be issued to any corporation,
30 association, or person operating dining places at a publicly or
31 privately owned civic or convention center with facilities for sports,
32 entertainment, or conventions, or a combination thereof, with more than
33 one place where liquor is to be dispensed and sold, such license shall
34 be issued upon the payment of the annual fee, which shall be a master
35 license and shall permit such sale within and from one such place.
36 Such license may be extended to additional places on the premises at
37 the discretion of the board and a duplicate license may be issued for

1 each such additional place. The holder of a master license for a
2 dining place at such a publicly or privately owned civic or convention
3 center must maintain in a substantial manner at least one place on the
4 premises for preparing, cooking, and serving of complete meals, and
5 food service shall be available on request in other licensed places on
6 the premises. An additional license fee of ten dollars shall be
7 required for such duplicate licenses.

8 (e) Where the license shall be issued to any corporation,
9 association or person operating more than one building containing
10 dining places at privately owned facilities which are open to the
11 public and where there is a continuity of ownership of all adjacent
12 property, such license shall be issued upon the payment of an annual
13 fee which shall be a master license and shall permit such sale within
14 and from one such place. Such license may be extended to the
15 additional dining places on the property or, in the case of a spirits,
16 beer, and wine restaurant licensed hotel, property owned or controlled
17 by leasehold interest by that hotel for use as a conference or
18 convention center or banquet facility open to the general public for
19 special events in the same metropolitan area, at the discretion of the
20 board and a duplicate license may be issued for each additional place.
21 The holder of the master license for the dining place shall not offer
22 alcoholic beverages for sale, service, and consumption at the
23 additional place unless food service is available at both the location
24 of the master license and the duplicate license. An additional license
25 fee of twenty dollars shall be required for such duplicate licenses.

26 (2) The board, so far as in its judgment is reasonably possible,
27 shall confine spirits, beer, and wine restaurant licenses to the
28 business districts of cities and towns and other communities, and not
29 grant such licenses in residential districts, nor within the immediate
30 vicinity of schools, without being limited in the administration of
31 this subsection to any specific distance requirements.

32 (3) The board shall have discretion to issue spirits, beer, and
33 wine restaurant licenses outside of cities and towns in the state of
34 Washington. The purpose of this subsection is to enable the board, in
35 its discretion, to license in areas outside of cities and towns and
36 other communities, establishments which are operated and maintained
37 primarily for the benefit of tourists, vacationers and travelers, and

1 also golf and country clubs, and common carriers operating dining, club
2 and buffet cars, or boats.

3 (4) The total number of spirits, beer, and wine restaurant licenses
4 issued in the state of Washington by the board, not including spirits,
5 beer, and wine private club licenses, shall not in the aggregate at any
6 time exceed one license for each one thousand (~~(four)~~) three hundred
7 (~~(fifty)~~) of population in the state, determined according to the
8 yearly population determination developed by the office of financial
9 management pursuant to RCW 43.62.030.

10 (5) Notwithstanding the provisions of subsection (4) of this
11 section, the board shall refuse a spirits, beer, and wine restaurant
12 license to any applicant if in the opinion of the board the spirits,
13 beer, and wine restaurant licenses already granted for the particular
14 locality are adequate for the reasonable needs of the community.

15 (6)(a) The board may issue a caterer's endorsement to this license
16 to allow the licensee to remove the liquor stocks at the licensed
17 premises, for use as liquor for sale and service at event locations at
18 a specified date and, except as provided in subsection (7) of this
19 section, place not currently licensed by the board. If the event is
20 open to the public, it must be sponsored by a society or organization
21 as defined by RCW 66.24.375. If attendance at the event is limited to
22 members or invited guests of the sponsoring individual, society, or
23 organization, the requirement that the sponsor must be a society or
24 organization as defined by RCW 66.24.375 is waived. Cost of the
25 endorsement is three hundred fifty dollars.

26 (b) The holder of this license with a catering endorsement shall,
27 if requested by the board, notify the board or its designee of the
28 date, time, place, and location of any catered event. Upon request,
29 the licensee shall provide to the board all necessary or requested
30 information concerning the society or organization that will be holding
31 the function at which the endorsed license will be utilized.

32 (c) The holder of this license with a caterer's endorsement may,
33 under conditions established by the board, store liquor on the premises
34 of another not licensed by the board so long as there is a written
35 agreement between the licensee and the other party to provide for
36 ongoing catering services, the agreement contains no exclusivity
37 clauses regarding the alcoholic beverages to be served, and the
38 agreement is filed with the board.

1 (d) The holder of this license with a caterer's endorsement may,
2 under conditions established by the board, store liquor on other
3 premises operated by the licensee so long as the other premises are
4 owned or controlled by a leasehold interest by that licensee. A
5 duplicate license may be issued for each additional premises. A
6 license fee of twenty dollars shall be required for such duplicate
7 licenses.

8 (7) Licensees under this section that hold a caterer's endorsement
9 are allowed to use this endorsement on a domestic winery premises or on
10 the premises of a passenger vessel and may store liquor at such
11 premises under conditions established by the board under the following
12 conditions:

13 (a) Agreements between the domestic winery or passenger vessel, as
14 the case may be, and the retail licensee shall be in writing, contain
15 no exclusivity clauses regarding the (~~alcohol~~) alcoholic beverages to
16 be served, and be filed with the board; and

17 (b) The domestic winery or passenger vessel, as the case may be,
18 and the retail licensee shall be separately contracted and compensated
19 by the persons sponsoring the event for their respective services.

20 **Sec. 9.** RCW 66.24.320 and 2006 c 362 s 1 and 2006 c 101 s 2 are
21 each reenacted and amended to read as follows:

22 There shall be a beer and/or wine restaurant license to sell beer,
23 including strong beer, or wine, or both, at retail, for consumption on
24 the premises. A patron of the licensee may remove from the premises,
25 recorked or recapped in its original container, any portion of wine
26 that was purchased for consumption with a meal.

27 (1) The annual fee shall be two hundred dollars for the beer
28 license, two hundred dollars for the wine license, or four hundred
29 dollars for a combination beer and wine license.

30 (2)(a) The board may issue a caterer's endorsement to this license
31 to allow the licensee to remove from the liquor stocks at the licensed
32 premises, only those types of liquor that are authorized under the on-
33 premises license privileges for sale and service at event locations at
34 a specified date and, except as provided in subsection (3) of this
35 section, place not currently licensed by the board. If the event is
36 open to the public, it must be sponsored by a society or organization
37 as defined by RCW 66.24.375. If attendance at the event is limited to

1 members or invited guests of the sponsoring individual, society, or
2 organization, the requirement that the sponsor must be a society or
3 organization as defined by RCW 66.24.375 is waived. Cost of the
4 endorsement is three hundred fifty dollars.

5 (b) The holder of this license with catering endorsement shall, if
6 requested by the board, notify the board or its designee of the date,
7 time, place, and location of any catered event. Upon request, the
8 licensee shall provide to the board all necessary or requested
9 information concerning the society or organization that will be holding
10 the function at which the endorsed license will be utilized.

11 (c) The holder of this license with a caterer's endorsement may,
12 under conditions established by the board, store liquor on the premises
13 of another not licensed by the board so long as there is a written
14 agreement between the licensee and the other party to provide for
15 ongoing catering services, the agreement contains no exclusivity
16 clauses regarding the alcoholic beverages to be served, and the
17 agreement is filed with the board.

18 (d) The holder of this license with a caterer's endorsement may,
19 under conditions established by the board, store liquor on other
20 premises operated by the licensee so long as the other premises are
21 owned or controlled by a leasehold interest by that licensee. A
22 duplicate license may be issued for each additional premises. A
23 license fee of twenty dollars shall be required for such duplicate
24 licenses.

25 (3) Licensees under this section that hold a caterer's endorsement
26 are allowed to use this endorsement on a domestic winery premises or on
27 the premises of a passenger vessel and may store liquor at such
28 premises under conditions established by the board under the following
29 conditions:

30 (a) Agreements between the domestic winery or the passenger vessel,
31 as the case may be, and the retail licensee shall be in writing,
32 contain no exclusivity clauses regarding the ~~((alcohol))~~ alcoholic
33 beverages to be served, and be filed with the board; and

34 (b) The domestic winery or passenger vessel, as the case may be,
35 and the retail licensee shall be separately contracted and compensated
36 by the persons sponsoring the event for their respective services.

37 (4) The holder of this license or its manager may furnish beer or
38 wine to the licensee's employees free of charge as may be required for

1 use in connection with instruction on beer and wine. The instruction
2 may include the history, nature, values, and characteristics of beer or
3 wine, the use of wine lists, and the methods of presenting, serving,
4 storing, and handling beer or wine. The beer and/or wine licensee must
5 use the beer or wine it obtains under its license for the sampling as
6 part of the instruction. The instruction must be given on the premises
7 of the beer and/or wine licensee.

8 (5) If the license is issued to a person who contracts with the
9 Washington state ferry system to provide food and alcohol service on a
10 designated ferry route, the license shall cover any vessel assigned to
11 the designated route. A separate license is required for each
12 designated ferry route.

13 **Sec. 10.** RCW 66.04.010 and 2006 c 225 s 1 and 2006 c 101 s 1 are
14 each reenacted and amended to read as follows:

15 In this title, unless the context otherwise requires:

16 (1) "Alcohol" is that substance known as ethyl alcohol, hydrated
17 oxide of ethyl, or spirit of wine, which is commonly produced by the
18 fermentation or distillation of grain, starch, molasses, or sugar, or
19 other substances including all dilutions and mixtures of this
20 substance. The term "alcohol" does not include alcohol in the
21 possession of a manufacturer or distiller of alcohol fuel, as described
22 in RCW 66.12.130, which is intended to be denatured and used as a fuel
23 for use in motor vehicles, farm implements, and machines or implements
24 of husbandry.

25 (2) "Authorized representative" means a person who:

26 (a) Is required to have a federal basic permit issued pursuant to
27 the federal alcohol administration act, 27 U.S.C. Sec. 204;

28 (b) Has its business located in the United States outside of the
29 state of Washington;

30 (c) Acquires ownership of beer or wine for transportation into and
31 resale in the state of Washington; and which beer or wine is produced
32 anywhere outside Washington by a brewery or winery which does not hold
33 a certificate of approval issued by the board; and

34 (d) Is appointed by the brewery or winery referenced in (c) of this
35 subsection as its exclusive authorized representative for marketing and
36 selling its products within the United States in accordance with a
37 written agreement between the authorized representative and such

1 brewery or winery pursuant to this title. The board may waive the
2 requirement for the written agreement of exclusivity in situations
3 consistent with the normal marketing practices of certain products,
4 such as classified growths.

5 (3) "Beer" means any malt beverage, flavored malt beverage, or malt
6 liquor as these terms are defined in this chapter.

7 (4) "Beer distributor" means a person who buys beer from a domestic
8 brewery, microbrewery, beer certificate of approval holder, or beer
9 importers, or who acquires foreign produced beer from a source outside
10 of the United States, for the purpose of selling the same pursuant to
11 this title, or who represents such brewer or brewery as agent.

12 (5) "Beer importer" means a person or business within Washington
13 who purchases beer from a beer certificate of approval holder or who
14 acquires foreign produced beer from a source outside of the United
15 States for the purpose of selling the same pursuant to this title.

16 (6) "Brewer" or "brewery" means any person engaged in the business
17 of manufacturing beer and malt liquor. Brewer includes a brand owner
18 of malt beverages who holds a brewer's notice with the federal bureau
19 of alcohol, tobacco, and firearms at a location outside the state and
20 whose malt beverage is contract-produced by a licensed in-state
21 brewery, and who may exercise within the state, under a domestic
22 brewery license, only the privileges of storing, selling to licensed
23 beer distributors, and exporting beer from the state.

24 (7) "Board" means the liquor control board, constituted under this
25 title.

26 (8) "Club" means an organization of persons, incorporated or
27 unincorporated, operated solely for fraternal, benevolent, educational,
28 athletic or social purposes, and not for pecuniary gain.

29 (9) "Consume" includes the putting of liquor to any use, whether by
30 drinking or otherwise.

31 (10) "Contract liquor store" means a business that sells liquor on
32 behalf of the board through a contract with a contract liquor store
33 manager.

34 (11) "Dentist" means a practitioner of dentistry duly and regularly
35 licensed and engaged in the practice of his profession within the state
36 pursuant to chapter 18.32 RCW.

37 (12) "Distiller" means a person engaged in the business of
38 distilling spirits.

1 (13) "Domestic brewery" means a place where beer and malt liquor
2 are manufactured or produced by a brewer within the state.

3 (14) "Domestic winery" means a place where wines are manufactured
4 or produced within the state of Washington.

5 (15) "Druggist" means any person who holds a valid certificate and
6 is a registered pharmacist and is duly and regularly engaged in
7 carrying on the business of pharmaceutical chemistry pursuant to
8 chapter 18.64 RCW.

9 (16) "Drug store" means a place whose principal business is, the
10 sale of drugs, medicines and pharmaceutical preparations and maintains
11 a regular prescription department and employs a registered pharmacist
12 during all hours the drug store is open.

13 (17) "Employee" means any person employed by the board.

14 (18) "Flavored malt beverage" means:

15 (a) A malt beverage containing six percent or less alcohol by
16 volume to which flavoring or other added nonbeverage ingredients are
17 added that contain distilled spirits of not more than forty-nine
18 percent of the beverage's overall alcohol content; or

19 (b) A malt beverage containing more than six percent alcohol by
20 volume to which flavoring or other added nonbeverage ingredients are
21 added that contain distilled spirits of not more than one and one-half
22 percent of the beverage's overall alcohol content.

23 (19) "Fund" means 'liquor revolving fund.'

24 (20) "Hotel" means (~~every building or other structure~~) buildings,
25 structures, and grounds, having facilities for preparing, cooking, and
26 serving food, that are kept, used, maintained, advertised, or held out
27 to the public to be a place where food is served and sleeping
28 accommodations are offered for pay to transient guests, in which twenty
29 or more rooms are used for the sleeping accommodation of such transient
30 guests (~~and having one or more dining rooms where meals are served to~~
31 ~~such transient guests, such sleeping accommodations and dining rooms~~
32 ~~being conducted in the same building and buildings, in connection~~
33 ~~therewith, and such structure or structures being provided, in the~~
34 ~~judgment of the board, with adequate and sanitary kitchen and dining~~
35 ~~room equipment and capacity, for preparing, cooking and serving~~
36 ~~suitable food for its guests: PROVIDED FURTHER, That in cities and~~
37 ~~towns of less than five thousand population, the board shall have~~

1 ~~authority to waive the provisions requiring twenty or more rooms).~~
2 The buildings, structures, and grounds must be located on adjacent
3 property either owned or leased by the same person or persons.

4 (21) "Importer" means a person who buys distilled spirits from a
5 distillery outside the state of Washington and imports such spirituous
6 liquor into the state for sale to the board or for export.

7 (22) "Imprisonment" means confinement in the county jail.

8 (23) "Liquor" includes the four varieties of liquor herein defined
9 (alcohol, spirits, wine and beer), and all fermented, spirituous,
10 vinous, or malt liquor, or combinations thereof, and mixed liquor, a
11 part of which is fermented, spirituous, vinous or malt liquor, or
12 otherwise intoxicating; and every liquid or solid or semisolid or other
13 substance, patented or not, containing alcohol, spirits, wine or beer,
14 and all drinks or drinkable liquids and all preparations or mixtures
15 capable of human consumption, and any liquid, semisolid, solid, or
16 other substance, which contains more than one percent of alcohol by
17 weight shall be conclusively deemed to be intoxicating. Liquor does
18 not include confections or food products that contain one percent or
19 less of alcohol by weight.

20 (24) "Manufacturer" means a person engaged in the preparation of
21 liquor for sale, in any form whatsoever.

22 (25) "Malt beverage" or "malt liquor" means any beverage such as
23 beer, ale, lager beer, stout, and porter obtained by the alcoholic
24 fermentation of an infusion or decoction of pure hops, or pure extract
25 of hops and pure barley malt or other wholesome grain or cereal in pure
26 water containing not more than eight percent of alcohol by weight, and
27 not less than one-half of one percent of alcohol by volume. For the
28 purposes of this title, any such beverage containing more than eight
29 percent of alcohol by weight shall be referred to as "strong beer."

30 (26) "Package" means any container or receptacle used for holding
31 liquor.

32 (27) "Passenger vessel" means any boat, ship, vessel, barge, or
33 other floating craft of any kind carrying passengers for compensation.

34 (28) "Permit" means a permit for the purchase of liquor under this
35 title.

36 (29) "Person" means an individual, copartnership, association, or
37 corporation.

1 (30) "Physician" means a medical practitioner duly and regularly
2 licensed and engaged in the practice of his profession within the state
3 pursuant to chapter 18.71 RCW.

4 (31) "Prescription" means a memorandum signed by a physician and
5 given by him to a patient for the obtaining of liquor pursuant to this
6 title for medicinal purposes.

7 (32) "Public place" includes streets and alleys of incorporated
8 cities and towns; state or county or township highways or roads;
9 buildings and grounds used for school purposes; public dance halls and
10 grounds adjacent thereto; those parts of establishments where beer may
11 be sold under this title, soft drink establishments, public buildings,
12 public meeting halls, lobbies, halls and dining rooms of hotels,
13 restaurants, theatres, stores, garages and filling stations which are
14 open to and are generally used by the public and to which the public is
15 permitted to have unrestricted access; railroad trains, stages, and
16 other public conveyances of all kinds and character, and the depots and
17 waiting rooms used in conjunction therewith which are open to
18 unrestricted use and access by the public; publicly owned bathing
19 beaches, parks, and/or playgrounds; and all other places of like or
20 similar nature to which the general public has unrestricted right of
21 access, and which are generally used by the public.

22 (33) "Regulations" means regulations made by the board under the
23 powers conferred by this title.

24 (34) "Restaurant" means any establishment provided with special
25 space and accommodations where, in consideration of payment, food,
26 without lodgings, is habitually furnished to the public, not including
27 drug stores and soda fountains.

28 (35) "Sale" and "sell" include exchange, barter, and traffic; and
29 also include the selling or supplying or distributing, by any means
30 whatsoever, of liquor, or of any liquid known or described as beer or
31 by any name whatever commonly used to describe malt or brewed liquor or
32 of wine, by any person to any person; and also include a sale or
33 selling within the state to a foreign consignee or his agent in the
34 state. "Sale" and "sell" shall not include the giving, at no charge,
35 of a reasonable amount of liquor by a person not licensed by the board
36 to a person not licensed by the board, for personal use only. "Sale"
37 and "sell" also does not include a raffle authorized under RCW

1 9.46.0315: PROVIDED, That the nonprofit organization conducting the
2 raffle has obtained the appropriate permit from the board.

3 (36) "Soda fountain" means a place especially equipped with
4 apparatus for the purpose of dispensing soft drinks, whether mixed or
5 otherwise.

6 (37) "Spirits" means any beverage which contains alcohol obtained
7 by distillation, except flavored malt beverages, but including wines
8 exceeding twenty-four percent of alcohol by volume.

9 (38) "Store" means a state liquor store established under this
10 title.

11 (39) "Tavern" means any establishment with special space and
12 accommodation for sale by the glass and for consumption on the
13 premises, of beer, as herein defined.

14 (40) "Winery" means a business conducted by any person for the
15 manufacture of wine for sale, other than a domestic winery.

16 (41)(a) "Wine" means any alcoholic beverage obtained by
17 fermentation of fruits (grapes, berries, apples, et cetera) or other
18 agricultural product containing sugar, to which any saccharine
19 substances may have been added before, during or after fermentation,
20 and containing not more than twenty-four percent of alcohol by volume,
21 including sweet wines fortified with wine spirits, such as port,
22 sherry, muscatel and angelica, not exceeding twenty-four percent of
23 alcohol by volume and not less than one-half of one percent of alcohol
24 by volume. For purposes of this title, any beverage containing no more
25 than fourteen percent of alcohol by volume when bottled or packaged by
26 the manufacturer shall be referred to as "table wine," and any beverage
27 containing alcohol in an amount more than fourteen percent by volume
28 when bottled or packaged by the manufacturer shall be referred to as
29 "fortified wine." However, "fortified wine" shall not include: (i)
30 Wines that are both sealed or capped by cork closure and aged two years
31 or more; and (ii) wines that contain more than fourteen percent alcohol
32 by volume solely as a result of the natural fermentation process and
33 that have not been produced with the addition of wine spirits, brandy,
34 or alcohol.

35 (b) This subsection shall not be interpreted to require that any
36 wine be labeled with the designation "table wine" or "fortified wine."

37 (42) "Wine distributor" means a person who buys wine from a
38 domestic winery, wine certificate of approval holder, or wine importer,

1 or who acquires foreign produced wine from a source outside of the
2 United States, for the purpose of selling the same not in violation of
3 this title, or who represents such vintner or winery as agent.

4 (43) "Wine importer" means a person or business within Washington
5 who purchases wine from a wine certificate of approval holder or who
6 acquires foreign produced wine from a source outside of the United
7 States for the purpose of selling the same pursuant to this title.

8 NEW SECTION. **Sec. 11.** A new section is added to chapter 66.24 RCW
9 to read as follows:

10 (1) There shall be a retailer's license to be designated as a hotel
11 license. No license may be issued to a hotel offering rooms to its
12 guests on an hourly basis. Food service provided for room service,
13 banquets or conferences, or restaurant operation under this license
14 shall meet the requirements of rules adopted by the board.

15 (2) The hotel license authorizes the licensee to:

16 (a) Sell spiritous liquor, beer, and wine, by the individual glass,
17 at retail, for consumption on the premises, including mixed drinks and
18 cocktails compounded and mixed on the premises, at dining places in the
19 hotel.

20 (b) Sell, at retail, from locked honor bars, in individual units,
21 spirits not to exceed fifty milliliters, beer in individual units not
22 to exceed twelve ounces, and wine in individual bottles not to exceed
23 three hundred eighty-five milliliters, to registered guests of the
24 hotel for consumption in guest rooms. The licensee shall require proof
25 of age from the guest renting a guest room and requesting the use of an
26 honor bar. The guest shall also execute an affidavit verifying that no
27 one under twenty-one years of age shall have access to the spirits,
28 beer, and wine in the honor bar;

29 (c) Provide without additional charge, to overnight guests,
30 spirits, beer, and wine by the individual serving for on-premises
31 consumption at a specified regular date, time, and place as may be
32 fixed by the board. Self-service by attendees is prohibited;

33 (d) Sell beer, including strong beer, wine, or spirits, in the
34 manufacturer's sealed container or by the individual drink to guests
35 through room service, or through service to occupants of private
36 residential units;

1 (e) Sell beer, including strong beer, or wine, in the
2 manufacturer's sealed container at retail sales locations within the
3 hotel premises;

4 (f) Sell for on or off-premises consumption, including through room
5 service and service to occupants of private residential units managed
6 by the hotel, wine carrying a label exclusive to the hotel license
7 holder;

8 (g) Place in guest rooms at check-in, a complimentary bottle of
9 beer, including strong beer, or wine in a manufacturer-sealed
10 container, and make a reference to this service in promotional
11 material.

12 (3) If all or any facilities for alcoholic beverage service and the
13 preparation, cooking, and serving of food are operated under contract
14 or joint venture agreement, the operator may hold a license separate
15 from the license held by the operator of the hotel. Food and beverage
16 inventory used in separate licensed operations at the hotel may not be
17 shared and shall be separately owned and stored by the separate
18 licensees.

19 (4) All spirits to be sold under this license must be purchased
20 from the board.

21 (5) All on-premise alcoholic beverage service must be done by an
22 alcohol server as defined in RCW 66.20.300 and must comply with RCW
23 66.20.310.

24 (6)(a) The hotel license allows the licensee to remove from the
25 liquor stocks at the licensed premises, liquor for sale and service at
26 event locations at a specified date and place not currently licensed by
27 the board. If the event is open to the public, it must be sponsored by
28 a society or organization as defined by RCW 66.24.375. If attendance
29 at the event is limited to members or invited guests of the sponsoring
30 individual, society, or organization, the requirement that the sponsor
31 must be a society or organization as defined by RCW 66.24.375 is
32 waived.

33 (b) The holder of this license shall, if requested by the board,
34 notify the board or its designee of the date, time, place, and location
35 of any event. Upon request, the licensee shall provide to the board
36 all necessary or requested information concerning the society or
37 organization that will be holding the function at which the endorsed
38 license will be utilized.

1 (c) Licensees may cater events on a domestic winery premises.

2 (7) The holder of this license or its manager may furnish spirits,
3 beer, or wine to the licensee's employees who are twenty-one years of
4 age or older free of charge as may be required for use in connection
5 with instruction on spirits, beer, and wine. The instruction may
6 include the history, nature, values, and characteristics of spirits,
7 beer, or wine, the use of wine lists, and the methods of presenting,
8 serving, storing, and handling spirits, beer, or wine. The licensee
9 must use the beer or wine it obtains under its license for the sampling
10 as part of the instruction. The instruction must be given on the
11 premises of the licensee.

12 (8) Minors may be allowed in all areas of the hotel where alcohol
13 may be consumed; however, the consumption must be incidental to the
14 primary use of the area. These areas include, but are not limited to,
15 tennis courts, hotel lobbies, and swimming pool areas. If an area is
16 not a mixed use area, and is primarily used for alcohol service, the
17 area must be designated and restricted to access by minors.

18 (9) The annual fee for this license is two thousand dollars.

19 (10) As used in this section, "hotel," "spirits," "beer," and
20 "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

21 **Sec. 12.** RCW 66.44.310 and 1998 c 126 s 14 are each amended to
22 read as follows:

23 (1) Except as otherwise provided by RCW 66.44.316 (~~and~~),
24 66.44.350, and section 11 of this act, it shall be a misdemeanor:

25 (a) To serve or allow to remain in any area classified by the board
26 as off-limits to any person under the age of twenty-one years;

27 (b) For any person under the age of twenty-one years to enter or
28 remain in any area classified as off-limits to such a person, but
29 persons under twenty-one years of age may pass through a restricted
30 area in a facility holding a spirits, beer, and wine private club
31 license;

32 (c) For any person under the age of twenty-one years to represent
33 his or her age as being twenty-one or more years for the purpose of
34 purchasing liquor or securing admission to, or remaining in any area
35 classified by the board as off-limits to such a person.

36 (2) The Washington state liquor control board shall have the power

1 and it shall be its duty to classify licensed premises or portions of
2 licensed premises as off-limits to persons under the age of twenty-one
3 years of age.

4 **Sec. 13.** RCW 66.24.400 and 2005 c 152 s 2 are each amended to read
5 as follows:

6 (1) There shall be a retailer's license, to be known and designated
7 as a spirits, beer, and wine restaurant license, to sell spirituous
8 liquor by the individual glass, beer, and wine, at retail, for
9 consumption on the premises, including mixed drinks and cocktails
10 compounded or mixed on the premises only(~~(:—PROVIDED, That a hotel,~~
11 ~~or)~~). A club licensed under chapter 70.62 RCW with overnight sleeping
12 accommodations, that is licensed under this section may sell liquor by
13 the bottle to registered guests of the (~~hotel—or~~) club for
14 consumption in guest rooms, hospitality rooms, or at banquets in the
15 (~~hotel—or~~) club(~~(:—PROVIDED FURTHER, That)~~). A patron of a bona
16 fide (~~hotel,~~) restaurant(~~(,)~~) or club licensed under this section may
17 remove from the premises recorked or recapped in its original container
18 any portion of wine which was purchased for consumption with a meal,
19 and registered guests who have purchased liquor from the (~~hotel—or~~)
20 club by the bottle may remove from the premises any unused portion of
21 such liquor in its original container. Such license may be issued only
22 to bona fide restaurants(~~(, hotels)~~) and clubs, and to dining, club and
23 buffet cars on passenger trains, and to dining places on passenger
24 boats and airplanes, and to dining places at civic centers with
25 facilities for sports, entertainment, and conventions, and to such
26 other establishments operated and maintained primarily for the benefit
27 of tourists, vacationers and travelers as the board shall determine are
28 qualified to have, and in the discretion of the board should have, a
29 spirits, beer, and wine restaurant license under the provisions and
30 limitations of this title.

31 (2) The board may issue an endorsement to the spirits, beer, and
32 wine restaurant license that allows the holder of a spirits, beer, and
33 wine restaurant license to sell for off-premises consumption wine
34 vinted and bottled in the state of Washington and carrying a label
35 exclusive to the license holder selling the wine. Spirits and beer may
36 not be sold for off-premises consumption under this section. The

1 annual fee for the endorsement under this subsection is one hundred
2 twenty dollars.

3 (3) The holder of a spirits, beer, and wine license or its manager
4 may furnish beer, wine, or spirituous liquor to the licensee's
5 employees free of charge as may be required for use in connection with
6 instruction on beer, wine, or spirituous liquor. The instruction may
7 include the history, nature, values, and characteristics of beer, wine,
8 or spirituous liquor, the use of wine lists, and the methods of
9 presenting, serving, storing, and handling beer, wine, and spirituous
10 liquor. The spirits, beer, and wine restaurant licensee must use the
11 beer, wine, or spirituous liquor it obtains under its license for the
12 sampling as part of the instruction. The instruction must be given on
13 the premises of the spirits, beer, and wine restaurant licensee.

14 **Sec. 14.** RCW 66.08.180 and 2000 c 192 s 1 are each amended to read
15 as follows:

16 Except as provided in RCW 66.24.290(1), moneys in the liquor
17 revolving fund shall be distributed by the board at least once every
18 three months in accordance with RCW 66.08.190, 66.08.200 and 66.08.210:
19 PROVIDED, That the board shall reserve from distribution such amount
20 not exceeding five hundred thousand dollars as may be necessary for the
21 proper administration of this title.

22 (1) All license fees, penalties and forfeitures derived under
23 chapter 13, Laws of 1935 from spirits, beer, and wine restaurant;
24 spirits, beer, and wine private club; hotel; and sports entertainment
25 facility licenses or spirits, beer, and wine restaurant; spirits, beer,
26 and wine private club; and sports entertainment facility licensees
27 shall every three months be disbursed by the board as follows:

28 (a) Three hundred thousand dollars per biennium, to the death
29 investigations account for the state toxicology program pursuant to RCW
30 68.50.107; and

31 (b) Of the remaining funds:

32 (i) 6.06 percent to the University of Washington and 4.04 percent
33 to Washington State University for alcoholism and drug abuse research
34 and for the dissemination of such research; and

35 (ii) 89.9 percent to the general fund to be used by the department
36 of social and health services solely to carry out the purposes of RCW
37 70.96A.050;

1 (2) The first fifty-five dollars per license fee provided in RCW
2 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand
3 dollars annually shall be disbursed every three months by the board to
4 the general fund to be used for juvenile alcohol and drug prevention
5 programs for kindergarten through third grade to be administered by the
6 superintendent of public instruction;

7 (3) Twenty percent of the remaining total amount derived from
8 license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.350, and
9 66.24.360, shall be transferred to the general fund to be used by the
10 department of social and health services solely to carry out the
11 purposes of RCW 70.96A.050; and

12 (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210
13 shall every three months be disbursed by the board to Washington State
14 University solely for wine and wine grape research, extension programs
15 related to wine and wine grape research, and resident instruction in
16 both wine grape production and the processing aspects of the wine
17 industry in accordance with RCW 28B.30.068. The director of financial
18 management shall prescribe suitable accounting procedures to ensure
19 that the funds transferred to the general fund to be used by the
20 department of social and health services and appropriated are
21 separately accounted for.

22 **Sec. 15.** RCW 66.08.220 and 1999 c 281 s 2 are each amended to read
23 as follows:

24 The board shall set aside in a separate account in the liquor
25 revolving fund an amount equal to ten percent of its gross sales of
26 liquor to spirits, beer, and wine restaurant; spirits, beer, and wine
27 private club; hotel; and sports entertainment facility licensees
28 collected from these licensees pursuant to the provisions of RCW
29 82.08.150, less the fifteen percent discount provided for in RCW
30 66.24.440; and the moneys in said separate account shall be distributed
31 in accordance with the provisions of RCW 66.08.190, 66.08.200 and
32 66.08.210(~~(: PROVIDED, HOWEVER, That)~~). No election unit in which the
33 sale of liquor under spirits, beer, and wine restaurant; spirits, beer,
34 and wine private club; and sports entertainment facility licenses is
35 unlawful shall be entitled to share in the distribution of moneys from
36 such separate account.

1 **Sec. 16.** RCW 66.20.010 and 1998 c 126 s 1 are each amended to read
2 as follows:

3 Upon application in the prescribed form being made to any employee
4 authorized by the board to issue permits, accompanied by payment of the
5 prescribed fee, and upon the employee being satisfied that the
6 applicant should be granted a permit under this title, the employee
7 shall issue to the applicant under such regulations and at such fee as
8 may be prescribed by the board a permit of the class applied for, as
9 follows:

10 (1) Where the application is for a special permit by a physician or
11 dentist, or by any person in charge of an institution regularly
12 conducted as a hospital or sanitorium for the care of persons in ill
13 health, or as a home devoted exclusively to the care of aged people, a
14 special liquor purchase permit;

15 (2) Where the application is for a special permit by a person
16 engaged within the state in mechanical or manufacturing business or in
17 scientific pursuits requiring alcohol for use therein, or by any
18 private individual, a special permit to purchase alcohol for the
19 purpose named in the permit;

20 (3) Where the application is for a special permit to consume liquor
21 at a banquet, at a specified date and place, a special permit to
22 purchase liquor for consumption at such banquet, to such applicants as
23 may be fixed by the board;

24 (4) Where the application is for a special permit to consume liquor
25 on the premises of a business not licensed under this title, a special
26 permit to purchase liquor for consumption thereon for such periods of
27 time and to such applicants as may be fixed by the board;

28 (5) Where the application is for a special permit by a manufacturer
29 to import or purchase within the state alcohol, malt, and other
30 materials containing alcohol to be used in the manufacture of liquor,
31 or other products, a special permit;

32 (6) Where the application is for a special permit by a person
33 operating a drug store to purchase liquor at retail prices only, to be
34 thereafter sold by such person on the prescription of a physician, a
35 special liquor purchase permit;

36 (7) Where the application is for a special permit by an authorized
37 representative of a military installation operated by or for any of the

1 armed forces within the geographical boundaries of the state of
2 Washington, a special permit to purchase liquor for use on such
3 military installation at prices to be fixed by the board;

4 (8) Where the application is for a special permit by a
5 manufacturer, importer, or distributor, or representative thereof, to
6 serve liquor without charge to delegates and guests at a convention of
7 a trade association composed of licensees of the board, when the said
8 liquor is served in a hospitality room or from a booth in a board-
9 approved suppliers' display room at the convention, and when the liquor
10 so served is for consumption in the said hospitality room or display
11 room during the convention, anything in Title 66 RCW to the contrary
12 notwithstanding. Any such spirituous liquor shall be purchased from
13 the board or a spirits, beer, and wine restaurant licensee and any such
14 beer and wine shall be subject to the taxes imposed by RCW 66.24.290
15 and 66.24.210;

16 (9) Where the application is for a special permit by a
17 manufacturer, importer, or distributor, or representative thereof, to
18 donate liquor for a reception, breakfast, luncheon, or dinner for
19 delegates and guests at a convention of a trade association composed of
20 licensees of the board, when the liquor so donated is for consumption
21 at the said reception, breakfast, luncheon, or dinner during the
22 convention, anything in Title 66 RCW to the contrary notwithstanding.
23 Any such spirituous liquor shall be purchased from the board or a
24 spirits, beer, and wine restaurant licensee and any such beer and wine
25 shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

26 (10) Where the application is for a special permit by a
27 manufacturer, importer, or distributor, or representative thereof, to
28 donate and/or serve liquor without charge to delegates and guests at an
29 international trade fair, show, or exposition held under the auspices
30 of a federal, state, or local governmental entity or organized and
31 promoted by a nonprofit organization, anything in Title 66 RCW to the
32 contrary notwithstanding. Any such spirituous liquor shall be
33 purchased from the board and any such beer or wine shall be subject to
34 the taxes imposed by RCW 66.24.290 and 66.24.210;

35 (11) Where the application is for an annual special permit by a
36 person operating a bed and breakfast lodging facility to donate or
37 serve wine or beer without charge to overnight guests of the facility
38 if the wine or beer is for consumption on the premises of the facility.

1 "Bed and breakfast lodging facility," as used in this subsection, means
2 a (~~hotel or similar~~) facility offering from one to eight lodging
3 units and breakfast to travelers and guests.

4 **Sec. 17.** RCW 66.20.310 and 1997 c 321 s 45 are each amended to
5 read as follows:

6 (1)(a) There shall be an alcohol server permit, known as a class 12
7 permit, for a manager or bartender selling or mixing alcohol, spirits,
8 wines, or beer for consumption at an on-premises licensed facility.

9 (b) There shall be an alcohol server permit, known as a class 13
10 permit, for a person who only serves alcohol, spirits, wines, or beer
11 for consumption at an on-premises licensed facility.

12 (c) As provided by rule by the board, a class 13 permit holder may
13 be allowed to act as a bartender without holding a class 12 permit.

14 (2)(a) Effective January 1, 1997, except as provided in (d) of this
15 subsection, every person employed, under contract or otherwise, by an
16 annual retail liquor licensee holding a license as authorized by RCW
17 66.24.320, 66.24.330, 66.24.350, 66.24.400, 66.24.425, 66.24.450,
18 section 11 of this act, or 66.24.570, who as part of his or her
19 employment participates in any manner in the sale or service of
20 alcoholic beverages shall have issued to them a class 12 or class 13
21 permit.

22 (b) Every class 12 and class 13 permit issued shall be issued in
23 the name of the applicant and no other person may use the permit of
24 another permit holder. The holder shall present the permit upon
25 request to inspection by a representative of the board or a peace
26 officer. The class 12 or class 13 permit shall be valid for employment
27 at any retail licensed premises described in (a) of this subsection.

28 (c) No licensee described in (a) of this subsection, except as
29 provided in (d) of this subsection, may employ or accept the services
30 of any person without the person first having a valid class 12 or class
31 13 permit.

32 (d) Within sixty days of initial employment, every person whose
33 duties include the compounding, sale, service, or handling of liquor
34 shall have a class 12 or class 13 permit.

35 (e) No person may perform duties that include the sale or service
36 of alcoholic beverages on a retail licensed premises without possessing
37 a valid alcohol server permit.

1 (3) A permit issued by a training entity under this section is
2 valid for employment at any retail licensed premises described in
3 subsection (2)(a) of this section for a period of five years unless
4 suspended by the board.

5 (4) The board may suspend or revoke an existing permit if any of
6 the following occur:

7 (a) The applicant or permittee has been convicted of violating any
8 of the state or local intoxicating liquor laws of this state or has
9 been convicted at any time of a felony; or

10 (b) The permittee has performed or permitted any act that
11 constitutes a violation of this title or of any rule of the board.

12 (5) The suspension or revocation of a permit under this section
13 does not relieve a licensee from responsibility for any act of the
14 employee or agent while employed upon the retail licensed premises.
15 The board may, as appropriate, revoke or suspend either the permit of
16 the employee who committed the violation or the license of the licensee
17 upon whose premises the violation occurred, or both the permit and the
18 license.

19 (6)(a) After January 1, 1997, it is a violation of this title for
20 any retail licensee or agent of a retail licensee as described in
21 subsection (2)(a) of this section to employ in the sale or service of
22 alcoholic beverages, any person who does not have a valid alcohol
23 server permit or whose permit has been revoked, suspended, or denied.

24 (b) It is a violation of this title for a person whose alcohol
25 server permit has been denied, suspended, or revoked to accept
26 employment in the sale or service of alcoholic beverages.

27 (7) Grocery stores licensed under RCW 66.24.360, the primary
28 commercial activity of which is the sale of grocery products and for
29 which the sale and service of beer and wine for on-premises consumption
30 with food is incidental to the primary business, and employees of such
31 establishments, are exempt from RCW 66.20.300 through 66.20.350.

32 **Sec. 18.** RCW 66.24.410 and 1983 c 3 s 164 are each amended to read
33 as follows:

34 (1) "Spirituous liquor," as used in RCW 66.24.400 to 66.24.450,
35 inclusive, means "liquor" as defined in RCW 66.04.010, except "wine"
36 and "beer" sold as such.

1 (2) "Restaurant" as used in RCW 66.24.400 to 66.24.450, inclusive,
2 means an establishment provided with special space and accommodations
3 where, in consideration of payment, food, without lodgings, is
4 habitually furnished to the public, not including drug stores and soda
5 fountains: PROVIDED, That such establishments shall be approved by the
6 board and that the board shall be satisfied that such establishment is
7 maintained in a substantial manner as a place for preparing, cooking
8 and serving of complete meals. The service of only fry orders or such
9 food and victuals as sandwiches, hamburgers, or salads shall not be
10 deemed in compliance with this definition.

11 (3) "Hotel," "clubs," "wine" and "beer" are used in RCW 66.24.400
12 to 66.24.450, inclusive, with the meaning given in chapter 66.04 RCW(
13 ~~PROVIDED, That any such hotel shall be provided with special space and~~
14 ~~accommodations where, in consideration of payment, food is habitually~~
15 ~~furnished to the public: PROVIDED FURTHER, That the board shall be~~
16 ~~satisfied that such hotel is maintained in a substantial manner as a~~
17 ~~place for preparing, cooking and serving of complete meals. The~~
18 ~~service of only fry orders, sandwiches, hamburgers, or salads shall not~~
19 ~~be deemed in compliance with this definition)).~~

20 **Sec. 19.** RCW 66.24.420 and 2006 c 101 s 3 and 2006 c 85 s 1 are
21 each reenacted and amended to read as follows:

22 (1) The spirits, beer, and wine restaurant license shall be issued
23 in accordance with the following schedule of annual fees:

24 (a) The annual fee for a spirits, beer, and wine restaurant license
25 shall be graduated according to the dedicated dining area and type of
26 service provided as follows:

27

28	Less than 50% dedicated dining area	\$2,000
29	50% or more dedicated dining area	\$1,600
30	Service bar only	\$1,000

31 (b) The annual fee for the license when issued to any other
32 spirits, beer, and wine restaurant licensee outside of incorporated
33 cities and towns shall be prorated according to the calendar quarters,
34 or portion thereof, during which the licensee is open for business,
35 except in case of suspension or revocation of the license.

1 (c) Where the license shall be issued to any corporation,
2 association or person operating a bona fide restaurant in an airport
3 terminal facility providing service to transient passengers with more
4 than one place where liquor is to be dispensed and sold, such license
5 shall be issued upon the payment of the annual fee, which shall be a
6 master license and shall permit such sale within and from one such
7 place. Such license may be extended to additional places on the
8 premises at the discretion of the board and a duplicate license may be
9 issued for each such additional place. The holder of a master license
10 for a restaurant in an airport terminal facility must maintain in a
11 substantial manner at least one place on the premises for preparing,
12 cooking, and serving of complete meals, and such food service shall be
13 available on request in other licensed places on the premises. An
14 additional license fee of twenty-five percent of the annual master
15 license fee shall be required for such duplicate licenses.

16 (d) Where the license shall be issued to any corporation,
17 association, or person operating dining places at a publicly or
18 privately owned civic or convention center with facilities for sports,
19 entertainment, or conventions, or a combination thereof, with more than
20 one place where liquor is to be dispensed and sold, such license shall
21 be issued upon the payment of the annual fee, which shall be a master
22 license and shall permit such sale within and from one such place.
23 Such license may be extended to additional places on the premises at
24 the discretion of the board and a duplicate license may be issued for
25 each such additional place. The holder of a master license for a
26 dining place at such a publicly or privately owned civic or convention
27 center must maintain in a substantial manner at least one place on the
28 premises for preparing, cooking, and serving of complete meals, and
29 food service shall be available on request in other licensed places on
30 the premises. An additional license fee of ten dollars shall be
31 required for such duplicate licenses.

32 ~~((e) Where the license shall be issued to any corporation,~~
33 ~~association or person operating more than one building containing~~
34 ~~dining places at privately owned facilities which are open to the~~
35 ~~public and where there is a continuity of ownership of all adjacent~~
36 ~~property, such license shall be issued upon the payment of an annual~~
37 ~~fee which shall be a master license and shall permit such sale within~~
38 ~~and from one such place. Such license may be extended to the~~

1 ~~additional dining places on the property or, in the case of a spirits,~~
2 ~~beer, and wine restaurant licensed hotel, property owned or controlled~~
3 ~~by leasehold interest by that hotel for use as a conference or~~
4 ~~convention center or banquet facility open to the general public for~~
5 ~~special events in the same metropolitan area, at the discretion of the~~
6 ~~board and a duplicate license may be issued for each additional place.~~
7 ~~The holder of the master license for the dining place shall not offer~~
8 ~~alcoholic beverages for sale, service, and consumption at the~~
9 ~~additional place unless food service is available at both the location~~
10 ~~of the master license and the duplicate license. An additional license~~
11 ~~fee of twenty dollars shall be required for such duplicate licenses.)~~

12 (2) The board, so far as in its judgment is reasonably possible,
13 shall confine spirits, beer, and wine restaurant licenses to the
14 business districts of cities and towns and other communities, and not
15 grant such licenses in residential districts, nor within the immediate
16 vicinity of schools, without being limited in the administration of
17 this subsection to any specific distance requirements.

18 (3) The board shall have discretion to issue spirits, beer, and
19 wine restaurant licenses outside of cities and towns in the state of
20 Washington. The purpose of this subsection is to enable the board, in
21 its discretion, to license in areas outside of cities and towns and
22 other communities, establishments which are operated and maintained
23 primarily for the benefit of tourists, vacationers and travelers, and
24 also golf and country clubs, and common carriers operating dining, club
25 and buffet cars, or boats.

26 (4) The total number of spirits, beer, and wine restaurant licenses
27 issued in the state of Washington by the board, not including spirits,
28 beer, and wine private club licenses, shall not in the aggregate at any
29 time exceed one license for each one thousand four hundred fifty of
30 population in the state, determined according to the yearly population
31 determination developed by the office of financial management pursuant
32 to RCW 43.62.030.

33 (5) Notwithstanding the provisions of subsection (4) of this
34 section, the board shall refuse a spirits, beer, and wine restaurant
35 license to any applicant if in the opinion of the board the spirits,
36 beer, and wine restaurant licenses already granted for the particular
37 locality are adequate for the reasonable needs of the community.

1 (6)(a) The board may issue a caterer's endorsement to this license
2 to allow the licensee to remove the liquor stocks at the licensed
3 premises, for use as liquor for sale and service at event locations at
4 a specified date and, except as provided in subsection (7) of this
5 section, place not currently licensed by the board. If the event is
6 open to the public, it must be sponsored by a society or organization
7 as defined by RCW 66.24.375. If attendance at the event is limited to
8 members or invited guests of the sponsoring individual, society, or
9 organization, the requirement that the sponsor must be a society or
10 organization as defined by RCW 66.24.375 is waived. Cost of the
11 endorsement is three hundred fifty dollars.

12 (b) The holder of this license with catering endorsement shall, if
13 requested by the board, notify the board or its designee of the date,
14 time, place, and location of any catered event. Upon request, the
15 licensee shall provide to the board all necessary or requested
16 information concerning the society or organization that will be holding
17 the function at which the endorsed license will be utilized.

18 (7) Licensees under this section that hold a caterer's endorsement
19 are allowed to use this endorsement on a domestic winery premises or on
20 the premises of a passenger vessel under the following conditions:

21 (a) Agreements between the domestic winery or passenger vessel, as
22 the case may be, and the retail licensee shall be in writing, contain
23 no exclusivity clauses regarding the alcohol beverages to be served,
24 and be filed with the board; and

25 (b) The domestic winery or passenger vessel, as the case may be,
26 and the retail licensee shall be separately contracted and compensated
27 by the persons sponsoring the event for their respective services.

28 **Sec. 20.** RCW 66.24.440 and 1998 c 126 s 8 are each amended to read
29 as follows:

30 Each spirits, beer, and wine restaurant, spirits, beer, and wine
31 private club, hotel, and sports entertainment facility licensee shall
32 be entitled to purchase any spirituous liquor items salable under such
33 license from the board at a discount of not less than fifteen percent
34 from the retail price fixed by the board, together with all taxes.

35 NEW SECTION. **Sec. 21.** Sections 4 and 6 of this act expire June
36 30, 2008.

1 NEW SECTION. **Sec. 22.** Sections 5 and 7 of this act take effect
2 June 30, 2008.

3 NEW SECTION. **Sec. 23.** Sections 10 through 20 of this act take
4 effect July 1, 2008.

 Passed by the Senate April 16, 2007.

 Passed by the House April 6, 2007.

 Approved by the Governor May 8, 2007.

 Filed in Office of Secretary of State May 10, 2007.