HOUSE BILL 2305

State of Washington 63rd Legislature 2014 Regular Session

By Representative Pettigrew; by request of Liquor Control Board

Read first time 01/15/14. Referred to Committee on Government Accountability & Oversight.

AN ACT Relating to the regulation of alcoholic beverages; amending
RCW 66.12.110, 66.12.120, 66.12.240, 66.20.010, 66.20.170, 66.20.180,
66.20.190, 66.20.200, 66.20.210, 66.24.210, 66.28.030, 66.28.035,
66.28.040, and 66.44.350; and repealing RCW 66.24.440.

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

6 Sec. 1. RCW 66.12.110 and 2012 c 117 s 272 are each amended to 7 read as follows:

8 A person twenty-one years of age or over may bring into the state 9 from without the United States, free of tax and markup, for his or her 10 personal or household use such alcoholic beverages as have been 11 declared and permitted to enter the United States duty free under 12 federal law.

Such entry of alcoholic beverages in excess of that herein provided may be authorized by the board upon payment of an equivalent ((markup and)) tax as would be applicable to the purchase of the same or similar liquor at retail ((from a Washington state liquor store)). The board shall adopt appropriate regulations pursuant to chapter 34.05 RCW for the purpose of carrying out the provisions of this section. The board may issue a spirits, beer, and wine private club license to a

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charitable or nonprofit corporation of the state of Washington, the majority of the officers and directors of which are United States citizens and the minority of the officers and directors of which are citizens of the Dominion of Canada, and where the location of the premises for such spirits, beer, and wine private club license is not more than ten miles south of the border between the United States and the province of British Columbia.

8 Sec. 2. RCW 66.12.120 and 1995 c 100 s 1 are each amended to read 9 as follows:

10 Notwithstanding any other provision of Title 66 RCW, a person 11 twenty-one years of age or over may, free of tax ((and markup)), for 12 personal or household use, bring into the state of Washington from 13 another state no more than once per calendar month up to two liters of 14 spirits or wine or two hundred eighty-eight ounces of beer. Additionally, such person may be authorized by the board to bring into 15 16 the state of Washington from another state a reasonable amount of alcoholic beverages in excess of that provided in this section for 17 18 personal or household use only upon payment of an equivalent ((markup and)) tax as would be applicable to the purchase of the same or similar 19 20 liquor at retail ((from a state liquor store)). The board shall adopt 21 appropriate regulations pursuant to chapter 34.05 RCW for the purpose 22 of carrying into effect the provisions of this section.

23 **Sec. 3.** RCW 66.12.240 and 2009 c 361 s 1 are each amended to read 24 as follows:

25 (1) Nothing in this title applies to or prevents a wedding boutique 26 or art gallery from offering or supplying without charge wine or beer 27 by the individual glass to a customer for consumption on the premises. 28 However, the customer must be at least twenty-one years of age and may 29 only be offered one glass of wine or beer, and wine or beer served or 30 consumed shall be purchased from a Washington state licensed retailer ((or a Washington state liquor store or agency)) at full retail price. 31 A wedding boutique or art gallery offering wine or beer without charge 32 33 may not advertise the service of complimentary wine or beer and may not 34 sell wine or beer in any manner. Any employee involved in the service 35 of wine or beer must complete a board-approved limited alcohol server 36 training program.

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(2) For the purposes of this section:

2 (a) "Art gallery" means a room or building devoted to the3 exhibition and/or sale of the works of art.

4 (b) "Wedding boutique" means a business primarily engaged in the 5 sale of wedding merchandise.

6 **Sec. 4.** RCW 66.20.010 and 2013 c 59 s 1 are each amended to read 7 as follows:

8 Upon application in the prescribed form being made to any employee 9 authorized by the board to issue permits, accompanied by payment of the 10 prescribed fee, and upon the employee being satisfied that the 11 applicant should be granted a permit under this title, the employee 12 must issue to the applicant under such regulations and at such fee as 13 may be prescribed by the board a permit of the class applied for, as 14 follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanitorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

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

33 (4) Where the application is for a special permit to consume liquor 34 on the premises of a business not licensed under this title, a special 35 permit to purchase liquor for consumption thereon for such periods of 36 time and to such applicants as may be fixed by the board; 1 (5) Where the application is for a special permit by a manufacturer 2 to import or purchase within the state alcohol, malt, and other 3 materials containing alcohol to be used in the manufacture of liquor, 4 or other products, a special permit;

5 (6) Where the application is for a special permit by a person 6 operating a drug store to purchase liquor at retail prices only, to be 7 thereafter sold by such person on the prescription of a physician, a 8 special liquor purchase permit, except that the governor may waive the 9 requirement for a special liquor purchase permit under this subsection 10 pursuant to an order issued under RCW 43.06.220(2);

(7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation;

(8) Where the application is for a special permit by a vendor that 16 17 manufactures or sells a product which cannot be effectively presented 18 to potential buyers without serving it with liquor or by a 19 manufacturer, importer, or distributor, or representative thereof, to 20 serve liquor without charge to delegates and guests at a convention of 21 a trade association composed of licensees of the board, when the said 22 liquor is served in a hospitality room or from a booth in a board-23 approved suppliers' display room at the convention, and when the liquor 24 so served is for consumption in the said hospitality room or display room during the convention, anything in this title to the contrary 25 26 notwithstanding. Any such spirituous liquor must be purchased from a 27 spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW <u>82.08.150</u>, 66.24.290, and 66.24.210; 28

29 Where the application is for a special permit (9) by а 30 manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for 31 delegates and guests at a convention of a trade association composed of 32 33 licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the 34 35 convention, anything in this title to the contrary notwithstanding. 36 Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 37 <u>82.08.150</u>, 66.24.290, and 66.24.210; 38

(10) Where the application is for a special permit by a 1 2 manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an 3 international trade fair, show, or exposition held under the auspices 4 5 of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in this title to the 6 7 contrary notwithstanding. Any such spirituous liquor must be purchased 8 from a liquor spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW <u>82.08.150</u>, 66.24.290, and 9 10 66.24.210;

(11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests;

18 (12) Where the application is for a special permit to allow tasting 19 of alcohol by persons at least eighteen years of age under the 20 following circumstances:

(a) The application is from a community or technical college asdefined in RCW 28B.50.030;

(b) The person who is permitted to taste under this subsection is enrolled as a student in a required or elective class that is part of a culinary, wine technology, beer technology, or spirituous technologyrelated degree program;

(c) The alcohol served to any person in the degree-related programs under (b) of this subsection is tasted but not consumed for the purposes of educational training as part of the class curriculum with the approval of the educational provider;

(d) The service and tasting of alcoholic beverages is supervised by a faculty or staff member of the educational provider who is twenty-one years of age or older. The supervising faculty or staff member shall possess a class 12 or 13 alcohol server permit under the provisions of RCW 66.20.310;

(e) The enrolled student permitted to taste the alcoholic beveragesdoes not purchase the alcoholic beverages; and

(f) The permit fee for the special permit provided for in this
 subsection (12) shall be waived by the board.

3 **Sec. 5.** RCW 66.20.170 and 1973 1st ex.s. c 209 s 5 are each 4 amended to read as follows:

A card of identification may for the purpose of this title and for the purpose of procuring liquor, be accepted as an identification card by any licensee ((or store employee)) and as evidence of legal age of the person presenting such card, provided the licensee ((or store employee)) complies with the conditions and procedures prescribed herein and such regulations as may be made by the board.

11 **Sec. 6.** RCW 66.20.180 and 2005 c 151 s 9 are each amended to read 12 as follows:

A card of identification shall be presented by the holder thereof 13 14 upon request of any licensee, ((store employee, contract liquor store 15 manager, contract liquor store employee,)) peace officer, or 16 enforcement officer of the board for the purpose of aiding the 17 licensee, ((store employee, contract liquor store manager, contract liquor store employee,)) peace officer, or enforcement officer of the 18 19 board to determine whether or not such person is of legal age to 20 purchase liquor when such person desires to procure liquor from a 21 licensed establishment ((or state liquor store or contract liquor 22 store)).

23 Sec. 7. RCW 66.20.190 and 2012 c 117 s 280 are each amended to 24 read as follows:

25 In addition to the presentation by the holder and verification by the licensee ((or store employee)) of such card of identification, the 26 27 licensee ((or store employee)) who is still in doubt about the true age 28 of the holder shall require the person whose age may be in question to 29 sign a certification card and record an accurate description and serial number of his or her card of identification thereon. 30 Such statement shall be upon a five-inch by eight-inch file card, which card shall be 31 32 filed alphabetically by the licensee ((or store employee)) at or before 33 the close of business on the day on which the statement is executed, in 34 the file box containing a suitable alphabetical index and the card 35 shall be subject to examination by any peace officer or agent or

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employee of the board at all times. The certification card shall also contain in bold-face type a statement stating that the signer understands that conviction for unlawful purchase of alcoholic beverages or misuse of the certification card may result in criminal penalties including imprisonment or fine or both.

6 **Sec. 8.** RCW 66.20.200 and 2003 c 53 s 295 are each amended to read 7 as follows:

(1) It shall be unlawful for the owner of a card of identification 8 9 to transfer the card to any other person for the purpose of aiding such 10 person to procure alcoholic beverages from any licensee ((or store 11 employee)). Any person who shall permit his or her card of 12 identification to be used by another or transfer such card to another for the purpose of aiding such transferee to obtain alcoholic beverages 13 14 from a licensee ((or store employee)) or gain admission to a premises or portion of a premises classified by the board as off-limits to 15 16 persons under twenty-one years of age, shall be guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of 17 18 two hundred fifty dollars shall be imposed and any sentence requiring community restitution shall require not fewer than twenty-five hours of 19 20 community restitution.

21 (2) Any person not entitled thereto who unlawfully procures or has 22 issued or transferred to him or her a card of identification, and any 23 person who possesses a card of identification not issued to him or her, 24 and any person who makes any false statement on any certification card 25 required by RCW 66.20.190, to be signed by him or her, shall be guilty 26 of a misdemeanor punishable as provided by RCW 9A.20.021, except that 27 a minimum fine of two hundred fifty dollars shall be imposed and any 28 sentence requiring community restitution shall require not fewer than 29 twenty-five hours of community restitution.

30 **Sec. 9.** RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each 31 amended to read as follows:

No licensee or the agent or employee of the licensee((, or store mployee,)) shall be prosecuted criminally or be sued in any civil action for serving liquor to a person under legal age to purchase liquor if such person has presented a card of identification in

1 accordance with RCW 66.20.180, and has signed a certification card as 2 provided in RCW 66.20.190.

3 Such card in the possession of a licensee may be offered as a 4 defense in any hearing held by the board for serving liquor to the 5 person who signed the card and may be considered by the board as 6 evidence that the licensee acted in good faith.

7 **Sec. 10.** RCW 66.24.210 and 2012 c 20 s 2 are each amended to read 8 as follows:

9 (1) There is hereby imposed upon all wines except cider sold to wine distributors ((and the Washington state liquor control board,)) 10 11 within the state a tax at the rate of twenty and one-fourth cents per 12 liter. Any domestic winery or certificate of approval holder acting as 13 a distributor of its own production shall pay taxes imposed by this There is hereby imposed on all cider sold to wine 14 section. 15 distributors ((and the Washington state liquor control board)) within 16 the state a tax at the rate of three and fifty-nine one-hundredths cents per liter. However, wine sold or shipped in bulk from one winery 17 to another winery shall not be subject to such tax. 18

(a) The tax provided for in this section shall be collected bydirect payments based on wine purchased by wine distributors.

21 (b) Except as provided in subsection (7) of this section, every person purchasing wine under the provisions of this section shall on or 22 23 before the twentieth day of each month report to the board all purchases during the preceding calendar month in such manner and upon 24 25 such forms as may be prescribed by the board, and with such report 26 shall pay the tax due from the purchases covered by such report unless 27 the same has previously been paid. Any such purchaser of wine whose applicable tax payment is not postmarked by the twentieth day following 28 29 the month of purchase will be assessed a penalty at the rate of two percent a month or fraction thereof. The board may require that every 30 31 such person shall execute to and file with the board a bond to be approved by the board, in such amount as the board may fix, securing 32 the payment of the tax. If any such person fails to pay the tax when 33 34 due, the board may forthwith suspend or cancel the license until all 35 taxes are paid.

36 (c) Any licensed retailer authorized to purchase wine from a 37 certificate of approval holder with a direct shipment endorsement or a

1 domestic winery shall make monthly reports to the liquor control board 2 on wine purchased during the preceding calendar month in the manner and 3 upon such forms as may be prescribed by the board.

4 (2) An additional tax is imposed equal to the rate specified in RCW
5 82.02.030 multiplied by the tax payable under subsection (1) of this
6 section. All revenues collected during any month from this additional
7 tax shall be transferred to the state general fund by the twenty-fifth
8 day of the following month.

(3) An additional tax is imposed on wines subject to tax under 9 subsection (1) of this section, at the rate of one-fourth of one cent 10 per liter for wine sold after June 30, 1987. After June 30, 1996, such 11 12 additional tax does not apply to cider. An additional tax of five one-13 hundredths of one cent per liter is imposed on cider sold after June 30, 1996. All revenues collected under this subsection (3) shall be 14 disbursed quarterly to the Washington wine commission for use in 15 carrying out the purposes of chapter 15.88 RCW. 16

17 (4) An additional tax is imposed on all wine subject to tax under subsection (1) of this section. The additional tax is equal to twenty-18 19 three and forty-four one-hundredths cents per liter on fortified wine defined in RCW 66.04.010 when bottled or packaged by the 20 as 21 manufacturer, one cent per liter on all other wine except cider, and 22 eighteen one-hundredths of one cent per liter on cider. All revenues 23 collected during any month from this additional tax shall be deposited in the state general fund by the twenty-fifth day of the following 24 month. 25

(5)(a) An additional tax is imposed on all cider subject to tax under subsection (1) of this section. The additional tax is equal to two and four one-hundredths cents per liter of cider sold after June 30, 1996, and before July 1, 1997, and is equal to four and seven onehundredths cents per liter of cider sold after June 30, 1997.

(b) All revenues collected from the additional tax imposed underthis subsection (5) shall be deposited in the state general fund.

(6) For the purposes of this section, "cider" means table wine that contains not less than one-half of one percent of alcohol by volume and not more than seven percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. "Cider" includes, but is not limited to, flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must.

1 (7) For the purposes of this section, out-of-state wineries shall 2 pay taxes under this section on wine sold and shipped directly to 3 Washington state residents in a manner consistent with the requirements 4 of a wine distributor under subsections (1) through (4) of this 5 section, except wineries shall be responsible for the tax and not the 6 resident purchaser.

7 (8) Notwithstanding any other provision of this section, any 8 domestic winery or wine certificate of approval holder acting as a 9 distributor of its own production that had total taxable sales of wine 10 in Washington state of six thousand gallons or less during the calendar 11 year preceding the date on which the tax would otherwise be due is not 12 required to pay taxes under this section more often than annually.

13 Sec. 11. RCW 66.28.030 and 2012 c 2 s 113 are each amended to read 14 as follows:

Every domestic distillery, brewery, and microbrewery, domestic 15 winery, certificate of approval holder, licensed ((liquor)) spirits 16 importer, licensed wine importer, and licensed beer importer is 17 18 responsible for the conduct of any licensed spirits, beer, or wine distributor in selling, or contracting to sell, to retail licensees, 19 20 spirits, beer, or wine manufactured by such domestic distillery, 21 brewery, microbrewery, domestic winery, manufacturer holding a certificate of approval, sold by an authorized representative holding 22 a certificate of approval, or imported by such ((liquor)) spirits, 23 beer, or wine importer. Where the board finds that any licensed 24 25 spirits, beer, or wine distributor has violated any of the provisions 26 of this title or of the regulations of the board in selling or contracting to sell spirits, beer, or wine to retail licensees, the 27 28 board may, in addition to any punishment inflicted or imposed upon such 29 distributor, prohibit the sale of the brand or brands of spirits, beer, or wine involved in such violation to any or all retail licensees 30 31 within the trade territory usually served by such distributor for such 32 period of time as the board may fix, irrespective of whether the distiller manufacturing such spirits or the ((liquor)) spirits importer 33 34 importing such spirits, brewer manufacturing such beer or the beer 35 importer importing such beer, or the domestic winery manufacturing such 36 wine or the wine importer importing such wine or the certificate of

approval holder manufacturing such spirits, beer, or wine or acting as
 authorized representative actually participated in such violation.

3 Sec. 12. RCW 66.28.035 and 2012 c 39 s 7 are each amended to read 4 as follows:

5 (1) By the ((15th)) 20th day of each month, all spirits certificate 6 of approval holders must file with the board, in a form and manner 7 required by the board, a report of all spirits delivered to purchasers 8 in this state during the preceding month ((along with a copy)). Copies 9 of the invoices for all such purchases or other information required by 10 the board that would disclose the identity of the purchasers <u>must be</u> 11 <u>made available upon request</u>.

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

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

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

18 (3) The liquor control board must maintain on its web site a list 19 of all purchasers that meet the conditions of subsection (2) of this 20 section.

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

25 **Sec. 13.** RCW 66.28.040 and 2012 c 2 s 116 are each amended to read 26 as follows:

27 Except as permitted by the board under RCW 66.20.010, no domestic 28 brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other 29 30 manufacturer of liquor may, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.305 31 prevents a domestic brewery, microbrewery, distributor, domestic 32 winery, distiller, certificate of approval holder, or importer from 33 34 furnishing samples of beer, wine, or spirituous liquor to authorized 35 licensees for the purpose of negotiating a sale, in accordance with 36 regulations adopted by the liquor control board, provided that the

samples are subject to taxes imposed by RCW 82.08.150, 66.24.290, and 1 2 66.24.210; nothing in this section prevents a domestic brewery, 3 microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor 4 for instructional purposes under RCW 66.28.150; nothing in this section 5 prevents a domestic winery, certificate of approval holder, or 6 7 distributor from furnishing wine without charge, subject to the taxes 8 imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture 9 10 which has been in existence for at least six months and that uses wine 11 so furnished solely for such educational purposes or a domestic winery, 12 or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of 13 14 approval holder, from furnishing beer without charge, subject to the 15 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW 66.24.140 or an accredited representative of a 16 distiller, manufacturer, importer, or distributor of spirituous liquor 17 licensed under RCW 66.24.310, from furnishing spirits without charge, 18 19 subject to the taxes imposed by RCW 82.08.150, to a nonprofit charitable corporation or association exempt from taxation under 26 20 21 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue code of 1986 for 22 use consistent with the purpose or purposes entitling it to such 23 exemption; nothing in this section prevents a domestic brewery or 24 microbrewery from serving beer without charge, on the brewery premises; 25 nothing in this section prevents donations of wine for the purposes of 26 RCW 66.12.180; nothing in this section prevents a domestic winery from 27 serving wine without charge, on the winery premises; and nothing in 28 this section prevents a craft distillery from serving spirits without 29 charge, on the distillery premises subject to RCW 66.24.145.

30 **Sec. 14.** RCW 66.44.350 and 1999 c 281 s 12 are each amended to 31 read as follows:

Notwithstanding provisions of RCW 66.44.310, employees <u>of</u> <u>businesses</u> holding beer and/or wine restaurant; beer and/or wine private club; snack bar; spirits, beer, and wine restaurant; spirits, beer, and wine private club; and sports entertainment facility licenses who are ((licensees)) <u>between</u> eighteen <u>and twenty-one</u> years of age ((and over)) may take orders for, serve and sell liquor in any part of

the licensed premises except cocktail lounges, bars, or other areas 1 2 classified by the Washington state liquor control board as off-limits to persons under twenty-one years of age: PROVIDED, That such 3 employees may enter such restricted areas to perform work assignments 4 including picking up liquor for service in other parts of the licensed 5 premises, performing clean-up work, setting up and arranging tables, 6 7 delivering supplies, delivering messages, serving food, and seating 8 patrons: PROVIDED FURTHER, That such employees shall remain in the areas off-limits to minors no longer than is necessary to carry out 9 10 their aforementioned duties: PROVIDED FURTHER, That such employees 11 shall not be permitted to perform activities or functions of a 12 bartender.

NEW SECTION. Sec. 15. RCW 66.24.440 (Liquor by the drink, spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, sports entertainment facility, and VIP airport lounge license--Purchase of liquor by licensees--Discount) and 2011 c 325 s 3, 2009 c 271 s 8, 2007 c 370 s 20, 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5 are each repealed.

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