

CERTIFICATION OF ENROLLMENT

**ENGROSSED SECOND SUBSTITUTE SENATE BILL 5353**

Chapter 194, Laws of 2015

64th Legislature  
2015 Regular Session

DISTILLERIES--MARKETING OPPORTUNITIES

EFFECTIVE DATE: 7/24/2015

Passed by the Senate April 16, 2015  
Yeas 36 Nays 9

BRAD OWEN

**President of the Senate**

Passed by the House April 14, 2015  
Yeas 94 Nays 3

FRANK CHOPP

**Speaker of the House of Representatives**

Approved May 7, 2015 3:00 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5353** as passed by Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

**Secretary**

FILED

May 7, 2015

**Secretary of State  
State of Washington**

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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5353

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AS AMENDED BY THE HOUSE

Passed Legislature - 2015 Regular Session

State of Washington                      64th Legislature                      2015 Regular Session

By Senate Ways & Means (originally sponsored by Senator Angel)

1            AN ACT Relating to marketing opportunities for spirits produced  
2 in Washington by craft and general licensed distilleries; amending  
3 RCW 66.24.140, 66.24.145, and 66.20.010; adding a new section to  
4 chapter 66.20 RCW; and adding a new section to chapter 66.24 RCW.

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

6            **Sec. 1.** RCW 66.24.140 and 2014 c 92 s 4 are each amended to read  
7 as follows:

8            (1) There (~~shall be~~) is a license to distillers, including  
9 blending, rectifying, and bottling; fee two thousand dollars per  
10 annum, unless provided otherwise as follows:

11            (a) For distillers producing one hundred fifty thousand gallons  
12 or less of spirits with at least half of the raw materials used in  
13 the production grown in Washington, the license fee must be reduced  
14 to one hundred dollars per annum;

15            (b) The board must license stills used and to be used solely and  
16 only by a commercial chemist for laboratory purposes, and not for the  
17 manufacture of liquor for sale, at a fee of twenty dollars per annum;

18            (c) The board must license stills used and to be used solely and  
19 only for laboratory purposes in any school, college, or educational  
20 institution in the state, without fee; and

1 (d) The board must license stills that have been duly licensed as  
2 fruit and/or wine distilleries by the federal government, used and to  
3 be used solely as fruit and/or wine distilleries in the production of  
4 fruit brandy and wine spirits, at a fee of two hundred dollars per  
5 annum.

6 (2) Any distillery licensed under this section may:

7 (a) Sell spirits of its own production for consumption off the  
8 premises. A distillery selling spirits under this subsection must  
9 comply with the applicable laws and rules relating to retailers;

10 (b) Contract distilled spirits for, and sell contract distilled  
11 spirits to, holders of distillers' or manufacturers' licenses,  
12 including licenses issued under RCW 66.24.520, or for export; and

13 (c) Provide free or for a charge one-half ounce or less samples  
14 of spirits of its own production to persons on the premises of the  
15 distillery. The maximum total per person per day is two ounces. Every  
16 person who participates in any manner in the service of samples must  
17 obtain a class 12 alcohol server permit. Spirits samples may be  
18 adulterated with nonalcoholic mixers, water, and/or ice.

19 **Sec. 2.** RCW 66.24.145 and 2014 c 92 s 1 are each amended to read  
20 as follows:

21 (1)(a) Any craft distillery may sell spirits of its own  
22 production for consumption off the premises.

23 (b) A craft distillery selling spirits under this subsection must  
24 comply with the applicable laws and rules relating to retailers.

25 (2) Any craft distillery may contract distilled spirits for, and  
26 sell contract distilled spirits to, holders of distillers' or  
27 manufacturers' licenses, including licenses issued under RCW  
28 66.24.520, or for export.

29 (3) Any craft distillery licensed under this section may provide,  
30 free or for a charge, one-half ounce or less samples of spirits of  
31 its own production to persons on the premises of the distillery. The  
32 maximum total per person per day is two ounces. Every person who  
33 participates in any manner in the service of samples must obtain a  
34 class 12 alcohol server permit. Spirits samples may be adulterated  
35 with nonalcoholic mixers, water, and/or ice.

36 (4)(a) A distillery or craft distillery licensee may apply to the  
37 board for an endorsement to sell spirits of its own production at  
38 retail for off-premises consumption at a qualifying farmers market.  
39 The annual fee for this endorsement is seventy-five dollars.

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

7 (c) Each approved location in a qualifying farmers market is  
8 deemed to be part of the distillery or craft distillery license for  
9 the purpose of this title. The approved locations under an  
10 endorsement granted under this subsection do not include tasting or  
11 sampling privileges. The distillery or craft distillery may not store  
12 spirits at a farmers market beyond the hours that the bottled spirits  
13 are offered for sale. The distillery or craft distillery may not act  
14 as a distributor from a farmers market location.

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

33 (e) For the purposes of this subsection (4), "qualifying farmers  
34 market" has the same meaning as defined in RCW 66.24.170.

35 (5) The board must adopt rules to implement the alcohol server  
36 permit requirement and may adopt additional rules to implement this  
37 section.

38 ~~((+5))~~ (6) Distilling is an agricultural practice.

1       **Sec. 3.** RCW 66.20.010 and 2013 c 59 s 1 are each amended to read  
2 as follows:

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

10       (1) Where the application is for a special permit by a physician  
11 or 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,  
14 a special liquor purchase permit, except that the governor may waive  
15 the requirement for a special liquor purchase permit under this  
16 subsection pursuant to an order issued under RCW 43.06.220(2);

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

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

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

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

36       (6) Where the application is for a special permit by a person  
37 operating a drug store to purchase liquor at retail prices only, to  
38 be thereafter sold by such person on the prescription of a physician,  
39 a special liquor purchase permit, except that the governor may waive

1 the requirement for a special liquor purchase permit under this  
2 subsection pursuant to an order issued under RCW 43.06.220(2);

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

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

21 (9) Where the application is for a special permit by a  
22 manufacturer, importer, or distributor, or representative thereof, to  
23 donate liquor for a reception, breakfast, luncheon, or dinner for  
24 delegates and guests at a convention of a trade association composed  
25 of licensees of the board, when the liquor so donated is for  
26 consumption at the said reception, breakfast, luncheon, or dinner  
27 during the convention, anything in this title to the contrary  
28 notwithstanding. Any such spirituous liquor must be purchased from a  
29 spirits retailer or distributor, and any such liquor is subject to  
30 the taxes imposed by RCW 66.24.290 and 66.24.210;

31 (10) Where the application is for a special permit by a  
32 manufacturer, importer, or distributor, or representative thereof, to  
33 donate and/or serve liquor without charge to delegates and guests at  
34 an international trade fair, show, or exposition held under the  
35 auspices of a federal, state, or local governmental entity or  
36 organized and promoted by a nonprofit organization, anything in this  
37 title to the contrary notwithstanding. Any such spirituous liquor  
38 must be purchased from a liquor spirits retailer or distributor, and  
39 any such liquor is subject to the taxes imposed by RCW 66.24.290 and  
40 66.24.210;

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

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

11 (a) The application is from a community or technical college as  
12 defined in RCW 28B.50.030;

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

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

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

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

28 (f) The permit fee for the special permit provided for in this  
29 subsection (12) (~~shall~~) must be waived by the board;

30 (13) Where the application is for a special permit by a  
31 distillery or craft distillery for an event not open to the general  
32 public to be held or conducted at a specific place, including at the  
33 licensed premise of the applying distillery or craft distillery, upon  
34 a specific date for the purpose of tasting and selling spirits of its  
35 own production. The distillery or craft distillery must obtain a  
36 permit for a fee of ten dollars per event. An application for the  
37 permit must be submitted for private banquet permits prior to the  
38 event and, once issued, must be posted in a conspicuous place at the  
39 premises for which the permit was issued during all times the permit

1 is in use. No licensee may receive more than twelve permits under  
2 this subsection (13) each year.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.20  
4 RCW to read as follows:

5 (1) The holder of a license to operate a distillery or craft  
6 distillery issued under RCW 66.24.140 or 66.24.145 may accept orders  
7 for spirits from, and deliver spirits to, customers if all of the  
8 following conditions are met for each sale:

9 (a) Spirits are not used for resale;

10 (b) Spirits come directly from the distillery's or craft  
11 distillery's possession prior to shipment or delivery. All  
12 transactions are to be treated as if they were conducted in the  
13 retail location of the distillery or craft distillery regardless of  
14 how they are received or processed;

15 (c) Spirits may be ordered in person at a licensed location, by  
16 mail, telephone, or internet, or by other similar methods; and

17 (d) Only a distillery or craft distillery licensee or a  
18 licensee's direct employees may accept and process orders and  
19 payments. A contractor may not do so on behalf of a distillery or  
20 craft distillery licensee, except for transmittal of payment through  
21 a third-party service. A third-party service may not solicit customer  
22 business on behalf of a distillery or craft distillery licensee.

23 (2) All orders and payments must be fully processed before  
24 spirits transfers ownership or, in the case of delivery, leaves a  
25 licensed distillery's or craft distillery's possession.

26 (3) Payment methods include, but are not limited to: Cash, credit  
27 or debit card, check or money order, electronic funds transfer, or an  
28 existing prepaid account. An existing prepaid account may not have a  
29 negative balance.

30 (4) To sell spirits via the internet, a new distillery or craft  
31 distillery license applicant must request internet-sales privileges  
32 in his or her application. An existing distillery or craft distillery  
33 licensee must notify the board prior to beginning internet sales. A  
34 corporate entity representing multiple licensees may notify the board  
35 in a single letter on behalf of affiliated distillery or craft  
36 distillery licensees, as long as the liquor license numbers of all  
37 licensee locations utilizing internet sales privileges are clearly  
38 identified.

1 (5) Delivery may be made only to a residence or business that has  
2 an address recognized by the United States postal service; however,  
3 the board may grant an exception to this rule at its discretion. A  
4 residence includes a hotel room, a motel room, marina, or other  
5 similar lodging that temporarily serves as a residence.

6 (6) Spirits may be delivered each day of the week between the  
7 hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by  
8 2:00 a.m.

9 (7) Under chapter 66.44 RCW, any person under twenty-one years of  
10 age is prohibited from purchasing, delivering, or accepting delivery  
11 of liquor.

12 (a) A delivery person must verify the age of the person accepting  
13 delivery before handing over liquor.

14 (b) If no person twenty-one years of age or older is present to  
15 accept a liquor order at the time of delivery, the liquor must be  
16 returned.

17 (8) Delivery of liquor is prohibited to any person who shows  
18 signs of intoxication.

19 (9)(a) Individual units of spirits must be factory sealed in  
20 bottles. For the purposes of this subsection, "factory sealed" means  
21 that a unit is in one hundred percent resalable condition, with all  
22 manufacturer's seals intact.

23 (b) The outermost surface of a liquor package, delivered by a  
24 third party, must have language stating that:

25 (i) The package contains liquor;

26 (ii) The recipient must be twenty-one years of age or older; and

27 (iii) Delivery to intoxicated persons is prohibited.

28 (10)(a) Records and files must be retained at the licensed  
29 premises. Each delivery sales record must include the following:

30 (i) Name of the purchaser;

31 (ii) Name of the person who accepts delivery;

32 (iii) Street addresses of the purchaser and the delivery  
33 location; and

34 (iv) Time and date of purchase and delivery.

35 (b) A private carrier must obtain the signature of the person who  
36 receives liquor upon delivery.

37 (c) A sales record does not have to include the name of the  
38 delivery person, but it is encouraged.

1 (11) Web site requirements. When selling over the internet, all  
2 web site pages associated with the sale of liquor must display the  
3 distillery or craft distillery licensee's registered trade name.

4 (12) A distillery or craft distillery licensee is accountable for  
5 all deliveries of liquor made on its behalf.

6 (13) The board may impose administrative enforcement action upon  
7 a licensee, or suspend or revoke a licensee's delivery privileges, or  
8 any combination thereof, should a licensee violate any condition,  
9 requirement, or restriction.

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 66.24  
11 RCW to read as follows:

12 (1) Any licensee authorized to sell at retail under this chapter  
13 may sell gift certificates and gift cards intended to be exchanged  
14 for consumer goods or services, including liquor sold by the  
15 licensee. The licensee may also sell the gift certificates and gift  
16 cards to or through a third-party retailer for resale to the public.  
17 Gift certificates and gift cards may not be redeemed for alcohol by  
18 persons under the age of twenty-one.

19 (2) For the purposes of this section, "gift certificate" and  
20 "gift cards" have the same meaning as provided in RCW 19.240.010.

Passed by the Senate April 16, 2015.  
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