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**SENATE BILL 5781**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Fortunato and Baumgartner

AN ACT Relating to special occasion and banquet provisions for charitable or nonprofit organizations; amending RCW 66.24.380, 66.28.070, and 66.28.180; reenacting and amending RCW 66.20.010; and adding a new section to chapter 66.28 RCW.

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

**Sec.**  RCW 66.20.010 and 2016 c 235 s 6 and 2016 c 129 s 1 are each reenacted and amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee must issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as 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, subject to the provisions of section 5 of this act;

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

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

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

(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 manufactures or sells a product which cannot be effectively presented to potential buyers without serving it with liquor or by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in this title to the contrary notwithstanding. 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 82.08.150, 66.24.290, and 66.24.210;

(9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in this title to the contrary notwithstanding. 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 82.08.150, 66.24.290, and 66.24.210;

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

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

(a) The application is from a community or technical college as defined in RCW 28B.50.030, a regional university, or a state university;

(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, sommelier, wine business, enology, viticulture, wine technology, beer technology, or spirituous technology-related 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 beverages does not purchase the alcoholic beverages; and

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

(13) Where the application is for a special permit by a distillery or craft distillery for an event not open to the general public to be held or conducted at a specific place, including at the licensed premise of the applying distillery or craft distillery, upon a specific date for the purpose of tasting and selling spirits of its own production. The distillery or craft distillery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted for private banquet permits prior to the event and, once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No licensee may receive more than twelve permits under this subsection (13) each year;

(14) Where the application is for a special permit by a manufacturer of wine for an event not open to the general public to be held or conducted at a specific place upon a specific date for the purpose of tasting and selling wine of its own production. The winery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted at least ten days before the event and once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No more than twelve events per year may be held by a single manufacturer under this subsection;

(15) Where the application is for a special permit by a manufacturer of beer for an event not open to the general public to be held or conducted at a specific place upon a specific date for the purpose of tasting and selling beer of its own production. The brewery or microbrewery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted at least ten days before the event and, once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No more than twelve events per year may be held by a single manufacturer under this subsection;

(16) Where the application is for a special permit by an individual or business to sell a private collection of wine or spirits to an individual or business. The seller must obtain a permit at least five business days before the sale, for a fee of twenty-five dollars per sale. The seller must provide an inventory of products sold and the agreed price on a form provided by the board. The seller ((~~shall~~)) must submit the report and taxes due to the board no later than twenty calendar days after the sale. A permit may be issued under this section to allow the sale of a private collection to licensees, but may not be issued to a licensee to sell to a private individual or business which is not otherwise authorized under the license held by the seller. If the liquor is purchased by a licensee, all sales are subject to taxes assessed as on liquor acquired from any other source. The board may adopt rules to implement this section.

**Sec.**  RCW 66.24.380 and 2016 c 235 s 2 are each amended to read as follows:

(1)(a) There is a retailer's license to be designated as a special occasion license to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specified date and place((~~; fee sixty dollars per day~~)).

(b) The board fee is sixty dollars per day for events where the licensee will spend more than two hundred fifty dollars on alcoholic beverages.

(c) The board may not charge a fee for events where the licensee will serve complimentary alcoholic beverages or spend two hundred fifty dollars or less on alcoholic beverages. For events occurring under this subsection (1)(c), the board must provide for an online permit to be issued on the day the event occurs.

((~~(1)~~)) (2) The not-for-profit society or organization is limited to sales of no more than twelve calendar days per year. For the purposes of this subsection, special occasion licensees that are "agricultural area fairs" or "agricultural county, district, and area fairs," as defined by RCW 15.76.120, that receive a special occasion license may, once per calendar year, count as one event fairs that last multiple days, so long as alcohol sales are at set dates, times, and locations, and the board receives prior notification of the dates, times, and locations. The special occasion license applicant will pay the sixty dollars per day for this event.

((~~(2)~~)) (3) The licensee may sell spirits, beer, and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the board prior to the event.

((~~(3)~~)) (4) In addition to offering the sale of wine by the individual serving for on-premises consumption, the licensee may sell wine in original, unopened containers for on-premises consumption if permission is obtained from the board prior to the event.

((~~(4)~~)) (5) Sale, service, and consumption of spirits, beer, and wine is to be confined to specified premises or designated areas only.

((~~(5)~~)) (6) Liquor sold under this special occasion license must be purchased from a licensee of the board. A charitable or nonprofit organization, which has been issued a special occasion license, may arrange for payment of the alcohol within three days after the special occasion has occurred, if the licensee consents to the arrangement.

((~~(6)~~)) (7) Any violation of this section is a class 1 civil infraction having a maximum penalty of two hundred fifty dollars as provided for in chapter 7.80 RCW.

**Sec.**  RCW 66.28.070 and 2012 c 2 s 118 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, it is unlawful for any retail spirits, beer, or wine licensee to purchase spirits, beer, or wine, except from a duly licensed distributor, domestic winery, domestic brewer, or certificate of approval holder with a direct shipment endorsement.

(2)(a) A spirits, beer, or wine retailer may purchase spirits, beer, or wine:

(i) From a government agency that has lawfully seized liquor possessed by a licensed distributor or retailer;

(ii) From a board-authorized manufacturer or certificate holder authorized by this title to act as a distributor of liquor;

(iii) From a licensed retailer which has discontinued business if the distributor has refused to accept spirits, beer, or wine from that retailer for return and refund;

(iv) From a retailer whose license or license endorsement permits resale to a retailer of wine and/or spirits for consumption on the premises, if the purchasing retailer is authorized to sell such wine and/or spirits.

(b) Goods purchased under this subsection (2) must meet the quality standards set by the manufacturer of the goods.

(3)(a) Special occasion licensees holding a special occasion license may only purchase spirits, beer, or wine from a spirits, beer, or wine retailer duly licensed to sell spirits, beer, or wine for off-premises consumption, or from a duly licensed spirits, beer, or wine distributor.

(b) A charitable or nonprofit organization, who has been issued a special occasion license, may arrange for payment of the alcohol within three days after the special occasion has occurred, if the retailer consents to the arrangement.

**Sec.**  RCW 66.28.180 and 2012 c 2 s 121 are each amended to read as follows:

(1) Beer and/or wine distributors.

(a) Every beer distributor must maintain at its liquor‑licensed location a price list showing the wholesale prices at which any and all brands of beer sold by the distributor are sold to retailers within the state.

(b) Each price list must set forth:

(i) All brands, types, packages, and containers of beer offered for sale by the distributor; and

(ii) The wholesale prices thereof to retail licensees, including allowances, if any, for returned empty containers.

(c) No beer distributor may sell or offer to sell any package or container of beer to any retail licensee at a price differing from the price for such package or container as shown in the price list, according to rules adopted by the board.

(d) Quantity discounts of sales prices of beer are prohibited. No distributor's sale price of beer may be below the distributor's acquisition cost.

(e) Distributor prices below acquisition cost on a "close-out" item are allowed if the item to be discontinued has been listed for a period of at least six months, and upon the further condition that the distributor who offers such a close-out price may not restock the item for a period of one year following the first effective date of such close-out price.

(f)(i) Any beer distributor may sell beer at the distributor's listed prices to any annual or special occasion retail licensee upon presentation to the distributor at the time of purchase or delivery of an original or facsimile license or a special permit issued by the board to such licensee.

(ii) A charitable or nonprofit organization, who has been issued a special occasion license, may arrange for payment of the alcohol within three days after the special occasion has occurred, if the distributor consents to the arrangement.

(g) Every annual or special occasion retail licensee, upon purchasing any beer, or arranging to purchase beer as provided in (f)(ii) of this subsection (1), from a distributor, must immediately cause such beer to be delivered to the licensed premises, and the licensee may not thereafter permit such beer to be disposed of in any manner except as authorized by the license.

(h) Beer sold as provided in this section must be delivered by the distributor or an authorized employee either to the retailer's licensed premises or directly to the retailer at the distributor's licensed premises. When a brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement is acting as a distributor of beer of its own production, a licensed retailer may contract with a common carrier to obtain the beer directly from the brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement. A distributor's prices to retail licensees for beer must be the same at both such places of delivery. Wine sold to retailers must be delivered to the retailer's licensed premises, to a location specified by the retailer and approved for deliveries by the board, or to a carrier engaged by either party to the transaction.

(2) Beer suppliers' contracts and memoranda.

(a) Every domestic brewery, microbrewery, certificate of approval holder, and beer and/or wine importer offering beer for sale to distributors within the state and any beer distributor who sells to other beer distributors must maintain at its liquor-licensed location a beer price list and a copy of every written contract and a memorandum of every oral agreement which such brewery may have with any beer distributor for the supply of beer, which contracts or memoranda must contain:

(i) All advertising, sales and trade allowances, and incentive programs; and

(ii) All commissions, bonuses or gifts, and any and all other discounts or allowances.

(b) Whenever changed or modified, such revised contracts or memoranda must also be maintained at its liquor licensed location.

(c) Each price list must set forth all brands, types, packages, and containers of beer offered for sale by such supplier.

(d) Prices of a domestic brewery, microbrewery, or certificate of approval holder for beer must be uniform prices to all distributors or retailers on a statewide basis less bona fide allowances for freight differentials. Quantity discounts of suppliers' prices for beer are prohibited. No price may be below the supplier's acquisition or production cost.

(e) A domestic brewery, microbrewery, certificate of approval holder, importer, or distributor acting as a supplier to another distributor must file with the board a list of all distributor licensees of the board to which it sells or offers to sell beer.

(f) No domestic brewery, microbrewery, or certificate of approval holder may sell or offer to sell any package or container of beer to any distributor at a price differing from the price list for such package or container as shown in the price list of the domestic brewery, microbrewery, or certificate of approval holder and then in effect, according to rules adopted by the board.

(3) In selling wine to another retailer, to the extent consistent with the purposes of chapter 2, Laws of 2012, a grocery store licensee with a reseller endorsement must comply with all provisions of and regulations under this title applicable to wholesale distributors selling wine to retailers.

(4) With respect to any alleged violation of this title by sale of wine at a discounted price, all defenses under applicable trade regulation laws are available including, without limitation, good faith meeting of a competitor's lawful price and absence of harm to competition.

NEW SECTION. **Sec.**  A new section is added to chapter 66.28 RCW to read as follows:

(1) When issuing a special permit to consume liquor at a banquet, to a charitable or nonprofit organization, at a specified date and place, the fee is eleven dollars per day for events where the organization will spend more than two hundred fifty dollars on alcoholic beverages.

(2) The board may not require a permit for special permit banquets where the organization will serve complimentary alcoholic beverages or spend two hundred fifty dollars or less on alcoholic beverages.

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