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**SUBSTITUTE SENATE BILL 5549**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Labor & Commerce (originally sponsored by Senators Lias, King, Hunt, and Braun)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to modernizing resident distillery marketing and  
2 sales restrictions; amending RCW 66.24.140, 66.24.145, 66.28.040,  
3 66.24.630, and 66.28.310; adding new sections to chapter 66.24 RCW;  
4 and providing an effective date.

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

6 **Sec. 1.** RCW 66.24.140 and 2017 c 260 s 1 are each amended to  
7 read as follows:

8 (1) There is a license to distillers, including blending,  
9 rectifying, and bottling; fee two thousand dollars per annum, unless  
10 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, for off-premises consumption, spirits of ((its)) the  
8 distillery's own production ((for consumption off the premises)),  
9 spirits produced by another distillery or craft distillery licensed  
10 in this state, or vermouth or sparkling wine products produced by a  
11 licensee in this state. A distillery selling spirits or other alcohol  
12 authorized under this subsection must comply with the applicable laws  
13 and rules relating to retailers;

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

17 (c) ~~((Provide samples subject to the following conditions:~~

18 ~~(i) For the purposes of this subsection, the maximum amount of~~  
19 ~~alcohol per person per day is two ounces;~~

20 ~~(ii) Provide free or for a charge one-half ounce or less samples~~  
21 ~~of spirits of its own production to persons on the premises of the~~  
22 ~~distillery. Spirits samples may be adulterated with nonalcoholic~~  
23 ~~mixers, mixers with alcohol of the distiller's own production, water,~~  
24 ~~and/or ice;~~

25 ~~(iii) Sell adulterated samples of spirits of their own~~  
26 ~~production, water, and/or ice to persons on the premises at the~~  
27 ~~distillery; and~~

28 ~~(iv) Every person who participates in any manner in the service~~  
29 ~~of these samples must obtain a class 12 alcohol server permit)) Serve~~

30 samples of spirits for free or for a charge, and sell servings of  
31 spirits, vermouth, and sparkling wine to customers for on-premises  
32 consumption, at the premises of the distillery indoors, outdoors, or  
33 in any combination thereof, and at the distillery's off-site tasting  
34 rooms in accordance with this chapter, subject to the following  
35 conditions:

36 (i) A distillery may provide to customers, for free or for a  
37 charge, for on-premises consumption, spirits samples that are one-  
38 half ounce or less per sample of spirits, and that may be adulterated  
39 with water, ice, other alcohol entitled to be served or sold on the  
40 licensed premises under this section, or nonalcoholic mixers;

1 (ii) A distillery may sell, for on-premises consumption, servings  
2 of spirits of the distillery's own production or spirits produced by  
3 another distillery or craft distillery licensed in this state, which  
4 must be adulterated with water, ice, other alcohol entitled to be  
5 sold or served on the licensed premises, or nonalcoholic mixers if  
6 the revenue derived from the sale of spirits for on-premises  
7 consumption under this subsection (2)(c)(ii) does not comprise more  
8 than thirty percent of the overall gross revenue earned in the  
9 tasting room during the calendar year. Any distiller who sells  
10 unadulterated products under this subsection, must file an annual  
11 report with the board that summarizes the distiller's revenue  
12 sources; and

13 (iii) A distillery may sell, for on-premises consumption,  
14 servings of vermouth or sparkling wine products produced by a  
15 licensee in this state.

16 (3)(a) If a distillery provides or sells spirits or other alcohol  
17 products authorized to be sold or provided to customers for on-  
18 premises or off-premises consumption that are produced by another  
19 distillery, craft distillery, or licensee in this state, then at any  
20 one time no more than twenty-five percent of the alcohol stock-  
21 keeping units offered or sold by the distillery at its distillery  
22 premises and at any off-site tasting rooms licensed under section 3  
23 of this act may be vermouth, sparkling wine, or spirits made by  
24 another distilled spirits producer or licensee. If a distillery sells  
25 fewer than twenty alcohol stock keeping units of products of its own  
26 production, it may sell up to five alcohol stock keeping units of  
27 another distillery, craft distillery, or licensee in this state.

28 (b) A person is limited to receiving or purchasing, for on-  
29 premises consumption, no more than two ounces total of spirits that  
30 are unadulterated. Any additional spirits purchased for on-premises  
31 consumption must be adulterated as authorized in this section.

32 (c) Except for an event in which a private party has secured a  
33 private banquet permit, after 9:00 p.m. no person under twenty-one  
34 years of age may enter or remain on a distillery's premises in an  
35 area where alcohol is sampled, sold, or served, or on the premises of  
36 a distillery's off-site tasting room licensed under section 3 of this  
37 act.

38 (d) Any person serving or selling spirits or other alcohol  
39 authorized to be served or sold by a distillery must obtain a class  
40 12 alcohol server permit.

1 (e) A distillery may sell nonalcoholic products at retail.

2 **Sec. 2.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to  
3 read as follows:

4 (1) (a) Any craft distillery may sell, for off-premises  
5 consumption, spirits of its own production (~~for consumption off the~~  
6 ~~premises~~), spirits produced by another craft distillery or  
7 distillery licensed in this state, and vermouth and sparkling wine  
8 products produced by a licensee in this state.

9 (b) A craft distillery selling spirits or other alcohol  
10 authorized under this subsection must comply with the applicable laws  
11 and rules relating to retailers.

12 (2) Any craft distillery may contract distilled spirits for, and  
13 sell contract distilled spirits to, holders of distillers' or  
14 manufacturers' licenses, including licenses issued under RCW  
15 66.24.520, or for export.

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

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

27 ~~(b) For each month during which a distillery or craft distillery~~  
28 ~~will sell spirits at a qualifying farmers market, the distillery or~~  
29 ~~craft distillery must provide the board or its designee a list of the~~  
30 ~~dates, times, and locations at which bottled spirits may be offered~~  
31 ~~for sale. This list must be received by the board before the spirits~~  
32 ~~may be offered for sale at a qualifying farmers market.~~

33 ~~(c) Each approved location in a qualifying farmers market is~~  
34 ~~deemed to be part of the distillery or craft distillery license for~~  
35 ~~the purpose of this title. The approved locations under an~~  
36 ~~endorsement granted under this subsection do not include tasting or~~  
37 ~~sampling privileges. The distillery or craft distillery may not store~~  
38 ~~spirits at a farmers market beyond the hours that the bottled spirits~~

1 are offered for sale. The distillery or craft distillery may not act  
2 as a distributor from a farmers market location.

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

21 (e) For the purposes of this subsection (4), "qualifying farmers  
22 market" has the same meaning as defined in RCW 66.24.170.) serve  
23 samples of spirits for free or for a charge, and sell servings of  
24 spirits, vermouth, and sparkling wine products to customers for on-  
25 premises consumption, at the premises of the distillery indoors,  
26 outdoors, or in any combination thereof, and at the distillery's off-  
27 site tasting rooms, in accordance with this chapter, subject to the  
28 following conditions:

29 (a) A craft distillery may provide to customers, for free or for  
30 a charge, for on-premises consumption, spirits samples that are one-  
31 half ounce or less per sample of spirits, and that may be adulterated  
32 with water, ice, other alcohol entitled to be sold or served on the  
33 licensed premises, or nonalcoholic mixers;

34 (b) A craft distillery may sell, for on-premises consumption,  
35 servings of spirits of the craft distillery's own production and  
36 spirits produced by another craft distillery or distillery licensed  
37 in this state, which must be adulterated with water, ice, other  
38 alcohol entitled to be sold or served on the licensed premises, or  
39 nonalcoholic mixers if the revenue derived from the sale of spirits  
40 for on-premises consumption under this subsection (3)(b) does not

1 comprise more than thirty percent of the overall gross revenue earned  
2 in the tasting room during the calendar year. Any distiller who sells  
3 unadulterated products under this subsection, must file an annual  
4 report with the board that summarizes the distiller's revenue  
5 sources; and

6 (c) A distillery may sell, for on-premises consumption, servings  
7 of vermouth or sparkling wine products produced by a licensee in this  
8 state.

9 (4) (a) If a craft distillery provides or sells spirits or other  
10 alcohol products authorized to be sold or provided to customers for  
11 on-premises or off-premises consumption that are produced by another  
12 distillery, craft distillery, or licensee in this state, then at any  
13 one time no more than twenty-five percent of the alcohol stock-  
14 keeping units offered or sold by the craft distillery at its craft  
15 distillery premises and at any off-site tasting rooms licensed under  
16 section 3 of this act may be vermouth, sparkling wine, or spirits  
17 made by another distilled spirits producer or licensee. If a  
18 distillery sells fewer than twenty alcohol stock keeping units of  
19 products of its own production, it may sell up to five alcohol stock  
20 keeping units of another distillery, craft distillery, or licensee in  
21 this state.

22 (b) A person is limited to receiving or purchasing, for on-  
23 premises consumption, no more than two ounces total of spirits that  
24 are unadulterated. Any additional spirits purchased for on-premises  
25 consumption must be adulterated.

26 (c) Any person serving or selling spirits or other alcohol  
27 authorized to be served or sold by a craft distillery must obtain a  
28 class 12 alcohol server permit.

29 (5) The board must adopt rules to implement the alcohol server  
30 permit requirement and may adopt additional rules to implement this  
31 section.

32 (6) Distilling is an agricultural practice.

33 (7) Except for an event in which a private party has secured a  
34 private banquet permit, after 9:00 p.m. no person under twenty-one  
35 years of age may enter or remain on a craft distillery's premises in  
36 an area where alcohol is sampled, sold, or served, or on the premises  
37 of a craft distillery's off-site tasting room licensed under section  
38 3 of this act.

39 (8) A craft distillery may sell nonalcoholic products at retail.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 66.24  
2 RCW to read as follows:

3        (1)(a) There is a tasting room license available to distillery  
4 and craft distillery licensees. A tasting room license authorizes the  
5 operation of an off-site tasting room, in addition to a tasting room  
6 attached to the distillery's or craft distillery's production  
7 facility, at which the licensee may sample, serve, and sell spirits  
8 and alcohol products authorized to be sampled, served, and sold under  
9 RCW 66.24.140 and 66.24.145, for on-premises and off-premises  
10 consumption, subject to the same limitations as provided in RCW  
11 66.24.140 and 66.24.145.

12        (b) A distillery or craft distillery licensed production facility  
13 is eligible for no more than two off-site tasting room licenses  
14 located in this state, which may be indoors, or outdoors or a  
15 combination thereof, and which shall be administratively tied to a  
16 licensed production facility. A separate license is required for the  
17 operation of each off-site tasting room. The fee for each off-site  
18 tasting room license is two thousand dollars per annum. No additional  
19 license is required for a distillery or craft distillery to sample,  
20 serve, and sell spirits and alcohol to customers in a tasting room on  
21 the distillery or craft distillery premises as authorized under this  
22 section, section 4 of this act, RCW 66.24.140, 66.24.145, 66.28.040,  
23 66.24.630, and 66.28.310.

24        (2)(a) Except for an event in which a private party has secured a  
25 private banquet permit, after 9:00 p.m. no person under twenty-one  
26 years of age may enter or remain on the premises of a tasting room  
27 licensed under this section.

28        (b) Any person serving or selling spirits or other alcohol  
29 authorized to be served or sold by a craft distillery must obtain a  
30 class 12 alcohol server permit.

31        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 66.24  
32 RCW to read as follows:

33        (1) Of the off-site tasting rooms allowed in this chapter, any  
34 distillery, craft distillery, domestic winery, or any combination of  
35 licensees thereof, licensed under this chapter may jointly occupy and  
36 co-operate up to two off-site locations, which may be indoors,  
37 outdoors, or a combination thereof, at which they may sample, serve,  
38 and sell products of their own production and products authorized to  
39 be sampled, served, and sold under the terms of their license. The

1 licensees must maintain separate storage of products and separate  
2 financials. The distillery or craft distillery tasting rooms  
3 referenced in this section shall be the off-site tasting rooms  
4 allowed, and have the privileges and limitations provided in this  
5 chapter. This section does not create additional numbers of  
6 authorized tasting rooms beyond what is authorized by this section,  
7 section 3 of this act, and in RCW 66.24.140, 66.24.145, 66.28.040,  
8 66.24.630, and 66.28.310.

9 (2) Any domestic brewery, microbrewery, domestic winery,  
10 distillery, or craft distillery licensed under this chapter, or any  
11 combination of licensees thereof, whose property parcels or buildings  
12 are located in direct physical proximity to one another may share a  
13 standing or seated tasting area for patrons to use, which may be  
14 indoors, outdoors, or a combination thereof. Each licensee may  
15 sample, serve, and sell products the licensee is authorized to  
16 sample, serve, and sell under the terms of its license, for on-  
17 premises consumption in the jointly operated consumption area. Each  
18 licensee must use distinctly marked glassware or serving containers  
19 to identify the source of any product being consumed. The distillery  
20 or craft distillery tasting rooms shall be the on-site or off-site  
21 tasting rooms allowed, and have the privileges and limitations  
22 provided in this chapter.

23 (3) Licensees operating under this section must comply with the  
24 applicable laws and rules relating to retailers.

25 (4) Licensees operating under this section must comply with all  
26 applicable laws and rules relating to sampling and serving, as may be  
27 allowed by their license type.

28 (5) All licensees who participate in:

29 (a) A jointly operated off-premises location allowed under  
30 subsection (1) of this section, or

31 (b) A conjoined consumption area allowed under subsection (2) of  
32 this section must share staffing resources. All participating  
33 licensees shall be jointly responsible for any violation or  
34 enforcement issues unless it can be demonstrated that the violation  
35 or enforcement issue was due to one or more licensee's specific  
36 conduct or action, in which case the violation or enforcement applies  
37 only to those identified licensees.

38 (6) Every person who participates in any manner in the sale or  
39 service of samples or servings of spirits must obtain a class 12  
40 alcohol server permit. Every person who participates in any manner in



1 the sale or service of samples or servings of beer and wine must  
2 obtain a class 12 or class 13 alcohol server permit.

3 **Sec. 5.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
4 read as follows:

5 (1) Except as permitted by the board under RCW 66.20.010, or as  
6 allowed under this title, no domestic brewery, microbrewery,  
7 distributor, distiller, domestic winery, importer, rectifier,  
8 certificate of approval holder, or other manufacturer of liquor may,  
9 within the state of Washington, give to any person any liquor(~~+~~  
10 ~~but~~) without charge.

11 (2) Nothing in this section nor in RCW 66.28.305 prevents a  
12 domestic brewery, microbrewery, distributor, domestic winery,  
13 distiller, certificate of approval holder, or importer from  
14 furnishing samples of beer, wine, or spirituous liquor to authorized  
15 licensees for the purpose of negotiating a sale, in accordance with  
16 regulations adopted by the liquor and cannabis board, provided that  
17 the samples are subject to taxes imposed by RCW 66.24.290 and  
18 66.24.210(~~+~~).

19 (3) Nothing in this section prevents a domestic brewery,  
20 microbrewery, domestic winery, distillery, certificate of approval  
21 holder, or distributor from furnishing beer, wine, or spirituous  
22 liquor for instructional purposes under RCW 66.28.150(~~+~~).

23 (4) Nothing in this section prevents a domestic winery,  
24 certificate of approval holder, or distributor from furnishing wine  
25 without charge, subject to the taxes imposed by RCW 66.24.210, to a  
26 not-for-profit group organized and operated solely for the purpose of  
27 enology or the study of viticulture which has been in existence for  
28 at least six months and that uses wine so furnished solely for such  
29 educational purposes or a domestic winery, or an out-of-state  
30 certificate of approval holder, from furnishing wine without charge  
31 or a domestic brewery, or an out-of-state certificate of approval  
32 holder, from furnishing beer without charge, subject to the taxes  
33 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
34 licensed under RCW 66.24.140 or an accredited representative of a  
35 distiller, manufacturer, importer, or distributor of spirituous  
36 liquor licensed under RCW 66.24.310, from furnishing spirits without  
37 charge, to a nonprofit charitable corporation or association exempt  
38 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal

1 revenue code of 1986 for use consistent with the purpose or purposes  
2 entitling it to such exemption((†)).

3 (5) Nothing in this section prevents a domestic brewery or  
4 microbrewery from serving beer without charge, on the brewery  
5 premises((†)).

6 (6) Nothing in this section prevents donations of wine for the  
7 purposes of RCW 66.12.180((†)).

8 (7) Nothing in this section prevents a domestic winery from  
9 serving wine without charge, on the winery premises((†and)).

10 (8) Nothing in this section prevents a craft distillery from  
11 selling spirits, ((on the distillery premises subject to RCW  
12 66.24.145)) including spirits adulterated with other alcohol entitled  
13 to be served or sold under RCW 66.24.140 or 66.24.145, to customers  
14 on the distillery premises or at an off-site tasting room as  
15 authorized under the terms of the license.

16 **Sec. 6.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read  
17 as follows:

18 (1) There is a spirits retail license to: Sell spirits in  
19 original containers to consumers for consumption off the licensed  
20 premises and to permit holders; sell spirits in original containers  
21 to retailers licensed to sell spirits for consumption on the  
22 premises, for resale at their licensed premises according to the  
23 terms of their licenses, although no single sale may exceed twenty-  
24 four liters, unless the sale is by a licensee that was a contract  
25 liquor store manager of a contract liquor store at the location of  
26 its spirits retail licensed premises from which it makes such sales;  
27 and export spirits.

28 (2) For the purposes of this title, a spirits retail license is a  
29 retail license, and a sale by a spirits retailer is a retail sale  
30 only if not for resale. Nothing in this title authorizes sales by on-  
31 sale licensees to other retail licensees. The board must establish by  
32 rule an obligation of on-sale spirits retailers to:

33 (a) Maintain a schedule by stock-keeping unit of all their  
34 purchases of spirits from spirits retail licensees, including  
35 combination spirits, beer, and wine licensees holding a license  
36 issued pursuant to RCW 66.24.035, indicating the identity of the  
37 seller and the quantities purchased; and

38 (b) Provide, not more frequently than quarterly, a report for  
39 each scheduled item containing the identity of the purchasing on-

1 premises licensee and the quantities of that scheduled item purchased  
2 since any preceding report to:

3 (i) A distributor authorized by the distiller to distribute a  
4 scheduled item in the on-sale licensee's geographic area; or

5 (ii) A distiller acting as distributor of the scheduled item in  
6 the area.

7 (3)(a) Except as otherwise provided in (c) of this subsection,  
8 the board may issue spirits retail licenses only for premises  
9 comprising at least ten thousand square feet of fully enclosed retail  
10 space within a single structure, including storerooms and other  
11 interior auxiliary areas but excluding covered or fenced exterior  
12 areas, whether or not attached to the structure, and only to  
13 applicants that the board determines will maintain systems for  
14 inventory management, employee training, employee supervision, and  
15 physical security of the product substantially as effective as those  
16 of stores currently operated by the board with respect to preventing  
17 sales to or pilferage by underage or inebriated persons.

18 (b) License issuances and renewals are subject to RCW 66.24.010  
19 and the regulations adopted thereunder, including without limitation  
20 rights of cities, towns, county legislative authorities, the public,  
21 churches, schools, and public institutions to object to or prevent  
22 issuance of local liquor licenses. However, existing grocery premises  
23 licensed to sell beer and/or wine are deemed to be premises "now  
24 licensed" under RCW 66.24.010(9)(a) for the purpose of processing  
25 applications for spirits retail licenses.

26 (c) The board may not deny a spirits retail license to an  
27 otherwise qualified contract liquor store at its contract location or  
28 to the holder of former state liquor store operating rights sold at  
29 auction under RCW 66.24.620 on the grounds of location, nature, or  
30 size of the premises to be licensed. The board may not deny a spirits  
31 retail license to applicants that are not contract liquor stores or  
32 operating rights holders on the grounds of the size of the premises  
33 to be licensed, if such applicant is otherwise qualified and the  
34 board determines that:

35 (i) There is no spirits retail license holder in the trade area  
36 that the applicant proposes to serve;

37 (ii) The applicant meets, or upon licensure will meet, the  
38 operational requirements established by the board by rule; and

39 (iii) The licensee has not committed more than one public safety  
40 violation within the three years preceding application.

1 (d) A retailer authorized to sell spirits for consumption on or  
2 off the licensed premises may accept delivery of spirits at its  
3 licensed premises, at another licensed premises as designated by the  
4 retailer, or at one or more warehouse facilities registered with the  
5 board, which facilities may also warehouse and distribute nonliquor  
6 items, and from which the retailer may deliver to its own licensed  
7 premises and, pursuant to sales permitted under subsection (1) of  
8 this section:

9 (i) To other retailer premises licensed to sell spirits for  
10 consumption on the licensed premises;

11 (ii) To other registered facilities; or

12 (iii) To lawful purchasers outside the state. The facilities may  
13 be registered and utilized by associations, cooperatives, or  
14 comparable groups of retailers, including at least one retailer  
15 licensed to sell spirits.

16 (e) For purposes of negotiating volume discounts, a group of  
17 individual retailers authorized to sell spirits for consumption off  
18 the licensed premises may accept delivery of spirits at their  
19 individual licensed premises or at any one of the individual  
20 licensee's premises, or at a warehouse facility registered with the  
21 board.

22 (4) (a) Except as otherwise provided in RCW 66.24.632, or in (b)  
23 of this subsection, each spirits retail licensee must pay to the  
24 board, for deposit into the liquor revolving fund, a license issuance  
25 fee equivalent to seventeen percent of all spirits sales revenues  
26 under the license, exclusive of taxes collected by the licensee and  
27 of sales of items on which a license fee payable under this section  
28 has otherwise been incurred. The board must establish rules setting  
29 forth the timing of such payments and reporting of sales dollar  
30 volume by the licensee, with payments required quarterly in arrears.  
31 The first payment is due October 1, 2012.

32 (b) This subsection (4) does not apply to craft distilleries for  
33 sales of spirits of the craft distillery's own production.

34 (5) In addition to the payment required under subsection (4) of  
35 this section, each licensee must pay an annual license renewal fee of  
36 one hundred sixty-six dollars. The board must periodically review and  
37 adjust the renewal fee as may be required to maintain it as  
38 comparable to annual license renewal fees for licenses to sell beer  
39 and wine not for consumption on the licensed premises. If required by

1 law at the time, any increase of the annual renewal fee becomes  
2 effective only upon ratification by the legislature.

3 (6) As a condition to receiving and renewing a spirits retail  
4 license the licensee must provide training as prescribed by the board  
5 by rule for individuals who sell spirits or who manage others who  
6 sell spirits regarding compliance with laws and regulations regarding  
7 sale of spirits, including without limitation the prohibitions  
8 against sale of spirits to individuals who are underage or visibly  
9 intoxicated. The training must be provided before the individual  
10 first engages in the sale of spirits and must be renewed at least  
11 every five years. The licensee must maintain records documenting the  
12 nature and frequency of the training provided. An employee training  
13 program is presumptively sufficient if it incorporates a "responsible  
14 vendor program" adopted by the board.

15 (7) The maximum penalties prescribed by the board in WAC  
16 314-29-020 through 314-29-040 relating to fines and suspensions are  
17 doubled for violations relating to the sale of spirits by spirits  
18 retail licensees.

19 (8)(a) The board must adopt regulations concerning the adoption  
20 and administration of a compliance training program for spirits  
21 retail licensees, to be known as a "responsible vendor program," to  
22 reduce underage drinking, encourage licensees to adopt specific best  
23 practices to prevent sales to minors, and provide licensees with an  
24 incentive to give their employees ongoing training in responsible  
25 alcohol sales and service.

26 (b) Licensees who join the responsible vendor program under this  
27 section and maintain all of the program's requirements are not  
28 subject to the doubling of penalties provided in this section for a  
29 single violation in any period of twelve calendar months.

30 (c) The responsible vendor program must be free, voluntary, and  
31 self-monitoring.

32 (d) To participate in the responsible vendor program, licensees  
33 must submit an application form to the board. If the application  
34 establishes that the licensee meets the qualifications to join the  
35 program, the board must send the licensee a membership certificate.

36 (e) A licensee participating in the responsible vendor program  
37 must at a minimum:

38 (i) Provide ongoing training to employees;

39 (ii) Accept only certain forms of identification for alcohol  
40 sales;

1 (iii) Adopt policies on alcohol sales and checking  
2 identification;

3 (iv) Post specific signs in the business; and

4 (v) Keep records verifying compliance with the program's  
5 requirements.

6 (f)(i) A spirits retail licensee that also holds a grocery store  
7 license under RCW 66.24.360 or a beer and/or wine specialty shop  
8 license under RCW 66.24.371 may, upon board approval and pursuant to  
9 board rules, transition to a combination spirits, beer, and wine  
10 license pursuant to RCW 66.24.035.

11 (ii) An applicant that would qualify for a spirits retail license  
12 under this section and that qualifies for a combination spirits,  
13 beer, and wine license pursuant to RCW 66.24.035 may apply for a  
14 license pursuant to RCW 66.24.035 instead of applying for a spirits  
15 retail license under this section.

16 **Sec. 7.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to read  
17 as follows:

18 (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from  
19 providing retailers branded promotional items which are of nominal  
20 value, singly or in the aggregate. Such items include but are not  
21 limited to: Trays, lighters, blotters, postcards, pencils, coasters,  
22 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or  
23 can openers, corkscrews, matches, printed recipes, shirts, hats,  
24 visors, and other similar items. Branded promotional items:

25 (i) Must be used exclusively by the retailer or its employees in  
26 a manner consistent with its license;

27 (ii) Must bear imprinted advertising matter of the industry  
28 member only, except imprinted advertising matter of the industry  
29 member can include the logo of a professional sports team which the  
30 industry member is licensed to use;

31 (iii) May be provided by industry members only to retailers and  
32 their employees and may not be provided by or through retailers or  
33 their employees to retail customers; and

34 (iv) May not be targeted to or appeal principally to youth.

35 (b) An industry member is not obligated to provide any such  
36 branded promotional items, and a retailer may not require an industry  
37 member to provide such branded promotional items as a condition for  
38 selling any alcohol to the retailer.

1 (c) Any industry member or retailer or any other person asserting  
2 that the provision of branded promotional items as allowed in (a) of  
3 this subsection has resulted or is more likely than not to result in  
4 undue influence or an adverse impact on public health and safety, or  
5 is otherwise inconsistent with the criteria in (a) of this subsection  
6 may file a complaint with the board. Upon receipt of a complaint the  
7 board may conduct such investigation as it deems appropriate in the  
8 circumstances. If the investigation reveals the provision of branded  
9 promotional items has resulted in or is more likely than not to  
10 result in undue influence or has resulted or is more likely than not  
11 to result in an adverse impact on public health and safety or is  
12 otherwise inconsistent with (a) of this subsection the board may  
13 issue an administrative violation notice to the industry member, to  
14 the retailer, or both. The recipient of the administrative violation  
15 notice may request a hearing under chapter 34.05 RCW.

16 (2) Nothing in RCW 66.28.305 prohibits:

17 (a) An industry member from providing to a special occasion  
18 licensee and a special occasion licensee from receiving services for:

19 (i) Installation of draft beer dispensing equipment or  
20 advertising;

21 (ii) Advertising, pouring, or dispensing of beer or wine at a  
22 beer or wine tasting exhibition or judging event; or

23 (iii) Pouring or dispensing of spirits by a licensed domestic  
24 distiller or the accredited representative of a distiller,  
25 manufacturer, importer, or distributor of spirituous liquor licensed  
26 under RCW 66.24.310; or

27 (b) Special occasion licensees from paying for beer, wine, or  
28 spirits immediately following the end of the special occasion event;  
29 or

30 (c) Wineries, breweries, or distilleries that are participating  
31 in a special occasion event from paying reasonable booth fees to the  
32 special occasion licensee.

33 (3) Nothing in RCW 66.28.305 prohibits industry members from  
34 performing, and retailers from accepting the service of building,  
35 rotating, and restocking displays and stockroom inventories; rotating  
36 and rearranging can and bottle displays of their own products;  
37 providing point of sale material and brand signs; pricing case goods  
38 of their own brands; and performing such similar business services  
39 consistent with board rules, or personal services as described in  
40 subsection (5) of this section.

1 (4) Nothing in RCW 66.28.305 prohibits:

2 (a) Industry members from listing on their internet web sites  
3 information related to retailers who sell or promote their products,  
4 including direct links to the retailers' internet web sites; and

5 (b) Retailers from listing on their internet web sites  
6 information related to industry members whose products those  
7 retailers sell or promote, including direct links to the industry  
8 members' web sites; or

9 (c) Industry members and retailers from producing, jointly or  
10 together with regional, state, or local industry associations,  
11 brochures and materials promoting tourism in Washington state which  
12 contain information regarding retail licensees, industry members, and  
13 their products.

14 (5) Nothing in RCW 66.28.305 prohibits the performance of  
15 personal services offered from time to time by a domestic winery or  
16 certificate of approval holder to retailers when the personal  
17 services are (a) conducted at a licensed premises, and (b) intended  
18 to inform, educate, or enhance customers' knowledge or experience of  
19 the manufacturer's products. The performance of personal services may  
20 include participation and pouring, bottle signing events, and other  
21 similar informational or educational activities at the premises of a  
22 retailer holding a spirits, beer, and wine restaurant license, a wine  
23 and/or beer restaurant license, a specialty wine shop license, a  
24 special occasion license, a grocery store license with a tasting  
25 endorsement, or a private club license. A domestic winery or  
26 certificate of approval holder is not obligated to perform any such  
27 personal services, and a retail licensee may not require a domestic  
28 winery or certificate of approval holder to conduct any personal  
29 service as a condition for selling any alcohol to the retail  
30 licensee, or as a condition for including any product of the domestic  
31 winery or certificate of approval holder in any tasting conducted by  
32 the licensee. Except as provided in RCW 66.28.150, the cost of  
33 sampling may not be borne, directly or indirectly, by any domestic  
34 winery or certificate of approval holder or any distributor. Nothing  
35 in this section prohibits wineries, breweries, microbreweries,  
36 certificate of approval holders, and retail licensees from  
37 identifying the producers on private labels authorized under RCW  
38 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

39 (6) Nothing in RCW 66.28.305 prohibits an industry member from  
40 entering into an arrangement with any holder of a sports



1 entertainment facility license or an affiliated business for brand  
2 advertising at the licensed facility or promoting events held at the  
3 sports entertainment facility as authorized under RCW 66.24.570.

4 (7) Nothing in RCW 66.28.305 prohibits the performance of  
5 personal services offered from time to time by a domestic brewery,  
6 microbrewery, or beer certificate of approval holder to grocery store  
7 licensees with a tasting endorsement when the personal services are  
8 (a) conducted at a licensed premises in conjunction with a tasting  
9 event, and (b) intended to inform, educate, or enhance customers'  
10 knowledge or experience of the manufacturer's products. The  
11 performance of personal services may include participation and  
12 pouring, bottle signing events, and other similar informational or  
13 educational activities. A domestic brewery, microbrewery, or beer  
14 certificate of approval holder is not obligated to perform any such  
15 personal services, and a grocery store licensee may not require the  
16 performance of any personal service as a condition for including any  
17 product in any tasting conducted by the licensee.

18 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a  
19 domestic winery and a restaurant licensed under RCW 66.24.320 or  
20 66.24.400 to waive a corkage fee.

21 (9) Nothing in this section prohibits professional sports teams  
22 who hold a retail liquor license or their agents from accepting bona  
23 fide liquor advertising from manufacturers, importers, distributors,  
24 or their agents for use in the sporting arena. Professional sports  
25 teams who hold a retail liquor license or their agents may license  
26 the manufacturer, importer, distributor, or their agents to use the  
27 name and trademarks of the professional sports team in their  
28 advertising and promotions, under the following conditions:

29 (a) Such advertising must be paid for by said manufacturer,  
30 importer, distributor, or their agent at the published advertising  
31 rate or at a reasonable fair market value.

32 (b) Such advertising may carry with it no express or implied  
33 offer on the part of the manufacturer, importer, distributor, or  
34 their agent, or promise on the part of the retail licensee whose  
35 operation is directly or indirectly part of the sporting arena, to  
36 stock or list any particular brand of liquor to the total or partial  
37 exclusion of any other brand.

38 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic  
39 brewery or microbrewery from providing branded promotional items  
40 which are of nominal value, singly or in the aggregate, to a

1 nonprofit charitable corporation or association exempt from taxation  
2 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it  
3 existed on July 24, 2015, for use consistent with the purpose or  
4 purposes entitling it to such exemption.

5 (11) Nothing in RCW 66.28.305 prohibits a distillery, craft  
6 distillery, or spirits certificate of approval holder from providing  
7 branded promotional items which are of nominal value, singly or in  
8 the aggregate, to a nonprofit charitable corporation or association  
9 exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the  
10 federal internal revenue code of 1986, as amended, as of the  
11 effective date of this section, for use consistent with the purpose  
12 or purposes entitling it to such exemption.

13 NEW SECTION. **Sec. 8.** If any provision of this act or its  
14 application to any person or circumstance is held invalid, the  
15 remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

17 NEW SECTION. **Sec. 9.** This act takes effect January 1, 2020.

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