
THIRD SUBSTITUTE HOUSE BILL 1359

State of Washington

67th Legislature

2022 Regular Session

By House Commerce & Gaming (originally sponsored by Representatives Stonier, MacEwen, Robertson, Shewmake, Ormsby, and Macri)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to temporarily reducing liquor license fees;
2 amending RCW 66.24.420, 66.24.590, 66.24.600, 66.24.655, 66.24.690,
3 66.24.140, and 66.24.146; creating a new section; providing an
4 effective date; providing an expiration date; and declaring an
5 emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that operations of
8 businesses in the hospitality industry have been significantly
9 disrupted since the beginning of the COVID-19 pandemic. Many of these
10 businesses, including restaurants, hotels, theaters, caterers, and
11 nightclubs maintain state liquor licenses in order to offer their
12 customers beer, wine, or spirits as products or amenities as
13 authorized under the terms of their licenses. However, many
14 licensees' businesses were completely or partially closed for much of
15 2020 and continue to be closed or substantially disrupted in 2021 and
16 2022. Recognizing many licensees' inability to fully operate and use
17 their license, and the financial hardships faced by many licensees,
18 the legislature intends to provide relief to the hospitality industry
19 by reducing certain liquor license fees in 2022 and 2023.

1 **Sec. 2.** RCW 66.24.420 and 2021 c 6 s 9 are each amended to read
2 as follows:

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

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

8	Less than 50% dedicated dining area	(\$2,000)
9		<u>\$1,000</u>
10	50% or more dedicated dining area	(\$1,600)
11		<u>\$800</u>
12	Service bar only	(\$1,000)
13		<u>\$500</u>

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

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

35 (d) Where the license shall be issued to any corporation,
36 association, or person operating dining places at a publicly or
37 privately owned civic or convention center with facilities for
38 sports, entertainment, or conventions, or a combination thereof, with

1 more than one place where liquor is to be dispensed and sold, such
2 license shall be issued upon the payment of the annual fee, which
3 shall be a master license and shall permit such sale within and from
4 one such place. Such license may be extended to additional places on
5 the premises at the discretion of the board and a duplicate license
6 may be issued for each such additional place. The holder of a master
7 license for a dining place at such a publicly or privately owned
8 civic or convention center must maintain in a substantial manner at
9 least one place on the premises for preparing, cooking, and serving
10 of complete meals, and food service shall be available on request in
11 other licensed places on the premises. An additional license fee of
12 ten dollars shall be required for such duplicate licenses.

13 (e) The annual fees in this subsection (1) are waived during the
14 12-month period beginning with the second calendar month after
15 February 28, 2021, for:

16 (i) Licenses that expire during the 12-month waiver period under
17 this subsection (1)(e); and

18 (ii) Licenses issued to persons previously licensed under this
19 section at any time during the 12-month period prior to the 12-month
20 waiver period under this subsection (1)(e).

21 (f) The waivers in (e) of this subsection do not apply to any
22 licensee that:

23 (i) Had their license suspended by the board for health and
24 safety violations of state COVID-19 guidelines; or

25 (ii) Received an order of immediate restraint or citation from
26 the department of labor and industries for allowing an employee to
27 perform work where business activity was prohibited in violation of
28 an emergency proclamation of the governor under RCW 43.06.220.

29 (g) Upon request of the department of revenue, the board and the
30 department of labor and industries must both provide a list of
31 persons that they have determined to be ineligible for a fee waiver
32 under (e) of this subsection for the reasons described in (f) of this
33 subsection. Unless otherwise agreed, any list must be received by the
34 department of revenue no later than 15 calendar days after the
35 request is made.

36 (2) The board, so far as in its judgment is reasonably possible,
37 shall confine spirits, beer, and wine restaurant licenses to the
38 business districts of cities and towns and other communities, and not
39 grant such licenses in residential districts, nor within the
40 immediate vicinity of schools, without being limited in the

1 administration of this subsection to any specific distance
2 requirements.

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

11 (4) The combined total number of spirits, beer, and wine
12 nightclub licenses, and spirits, beer, and wine restaurant licenses
13 issued in the state of Washington by the board, not including
14 spirits, beer, and wine private club licenses, shall not in the
15 aggregate at any time exceed one license for each one thousand two
16 hundred of population in the state, determined according to the
17 yearly population determination developed by the office of financial
18 management pursuant to RCW 43.62.030.

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

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

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

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

8 (d) The holder of this license with a caterer's endorsement may,
9 under conditions established by the board, store liquor on other
10 premises operated by the licensee so long as the other premises are
11 owned or controlled by a leasehold interest by that licensee. A
12 duplicate license may be issued for each additional premises. A
13 license fee of twenty dollars shall be required for such duplicate
14 licenses.

15 (7) Licensees under this section that hold a caterer's
16 endorsement are allowed to use this endorsement on a domestic winery
17 premises or on the premises of a passenger vessel and may store
18 liquor at such premises under conditions established by the board
19 under the following conditions:

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

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

28 **Sec. 3.** RCW 66.24.590 and 2021 c 6 s 14 are each amended to read
29 as follows:

30 (1) There is a retailer's license to be designated as a hotel
31 license. No license may be issued to a hotel offering rooms to its
32 guests on an hourly basis. Food service provided for room service,
33 banquets or conferences, or restaurant operation under this license
34 must meet the requirements of rules adopted by the board.

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

36 (a) Sell spirituous liquor, beer, and wine, by the individual
37 glass, at retail, for consumption on the premises, including mixed
38 drinks and cocktails compounded and mixed on the premises;

1 (b) Sell, at retail, from locked honor bars, in individual units,
2 spirits not to exceed fifty milliliters, beer in individual units not
3 to exceed twelve ounces, and wine in individual bottles not to exceed
4 three hundred eighty-five milliliters, to registered guests of the
5 hotel for consumption in guest rooms. The licensee must require proof
6 of age from the guest renting a guest room and requesting the use of
7 an honor bar. The guest must also execute an affidavit verifying that
8 no one under twenty-one years of age will have access to the spirits,
9 beer, and wine in the honor bar;

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

14 (d) Sell beer, including strong beer, wine, or spirits, in the
15 manufacturer's sealed container or by the individual drink to guests
16 through room service, or through service to occupants of private
17 residential units which are part of the buildings or complex of
18 buildings that include the hotel;

19 (e) Sell beer, including strong beer, spirits, or wine, in the
20 manufacturer's sealed container at retail sales locations within the
21 hotel premises;

22 (f) Sell beer to a purchaser in a sanitary container brought to
23 the premises by the purchaser or furnished by the licensee and filled
24 at the tap in the restaurant area by the licensee at the time of
25 sale;

26 (g) Sell for on or off-premises consumption, including through
27 room service and service to occupants of private residential units
28 managed by the hotel, wine carrying a label exclusive to the hotel
29 license holder;

30 (h) Place in guest rooms at check-in, a complimentary bottle of
31 liquor in a manufacturer-sealed container, and make a reference to
32 this service in promotional material.

33 (3) If all or any facilities for alcoholic beverage service and
34 the preparation, cooking, and serving of food are operated under
35 contract or joint venture agreement, the operator may hold a license
36 separate from the license held by the operator of the hotel. Food and
37 beverage inventory used in separate licensed operations at the hotel
38 may not be shared and must be separately owned and stored by the
39 separate licensees.

1 (4) All spirits to be sold under this license must be purchased
2 from a spirits retailer or spirits distributor licensee of the board.

3 (5) All on-premises alcoholic beverage service must be done by an
4 alcohol server as defined in RCW 66.20.300 and must comply with RCW
5 66.20.310.

6 (6) (a) The hotel license allows the licensee to remove from the
7 liquor stocks at the licensed premises, liquor for sale and service
8 at event locations at a specified date and place not currently
9 licensed by the board. If the event is open to the public, it must be
10 sponsored by a society or organization as defined by RCW 66.24.375.
11 If attendance at the event is limited to members or invited guests of
12 the sponsoring individual, society, or organization, the requirement
13 that the sponsor must be a society or organization as defined by RCW
14 66.24.375 is waived.

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

21 (c) Licensees may cater events on a domestic winery, brewery, or
22 distillery premises.

23 (7) The holder of this license or its manager may furnish
24 spirits, beer, or wine to the licensee's employees who are twenty-one
25 years of age or older free of charge as may be required for use in
26 connection with instruction on spirits, beer, and wine. The
27 instruction may include the history, nature, values, and
28 characteristics of spirits, beer, or wine, the use of wine lists, and
29 the methods of presenting, serving, storing, and handling spirits,
30 beer, or wine. The licensee must use the liquor it obtains under its
31 license for the sampling as part of the instruction. The instruction
32 must be given on the premises of the licensee.

33 (8) Minors may be allowed in all areas of the hotel where liquor
34 may be consumed; however, the consumption must be incidental to the
35 primary use of the area. These areas include, but are not limited to,
36 tennis courts, hotel lobbies, and swimming pool areas. If an area is
37 not a mixed use area, and is primarily used for alcohol service, the
38 area must be designated and restricted to access by persons of lawful
39 age to purchase liquor.

1 (9) (a) The annual fee for this license is (~~two thousand~~
2 ~~dollars~~) \$1,000.

3 (b) The annual fee in (a) of this subsection is waived during the
4 12-month period beginning with the second calendar month after
5 February 28, 2021, for:

6 (i) Licenses that expire during the 12-month waiver period under
7 this subsection (9) (b); and

8 (ii) Licenses issued to persons previously licensed under this
9 section at any time during the 12-month period prior to the 12-month
10 waiver period under this subsection (9) (b).

11 (c) The waiver in (b) of this subsection does not apply to any
12 licensee that:

13 (i) Had their license suspended by the board for health and
14 safety violations of state COVID-19 guidelines; or

15 (ii) Received an order of immediate restraint or citation from
16 the department of labor and industries for allowing an employee to
17 perform work where business activity was prohibited in violation of
18 an emergency proclamation of the governor under RCW 43.06.220.

19 (d) Upon request of the department of revenue, the board and the
20 department of labor and industries must both provide a list of
21 persons that they have determined to be ineligible for a fee waiver
22 under (b) of this subsection for the reasons described in (c) of this
23 subsection. Unless otherwise agreed, any list must be received by the
24 department of revenue no later than 15 calendar days after the
25 request is made.

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

28 **Sec. 4.** RCW 66.24.600 and 2021 c 6 s 15 are each amended to read
29 as follows:

30 (1) There shall be a spirits, beer, and wine nightclub license to
31 sell spirituous liquor by the drink, beer, and wine at retail, for
32 consumption on the licensed premises.

33 (2) The license may be issued only to a person whose business
34 includes the sale and service of alcohol to the person's customers,
35 has food sales and service incidental to the sale and service of
36 alcohol, and has primary business hours between 9:00 p.m. and 2:00
37 a.m.

38 (3) Minors may be allowed on the licensed premises but only in
39 areas where alcohol is not served or consumed.

1 (4) (a) The annual fee for this license is (~~two thousand~~
2 ~~dollars~~) \$1,000. The fee for the license shall be reviewed from time
3 to time and set at such a level sufficient to defray the cost of
4 licensing and enforcing this licensing program. The fee shall be
5 fixed by rule adopted by the board in accordance with the provisions
6 of the administrative procedure act, chapter 34.05 RCW.

7 (b) The annual fee in (a) of this subsection is waived during the
8 12-month period beginning with the second calendar month after
9 February 28, 2021, for:

10 (i) Licenses that expire during the 12-month waiver period under
11 this subsection (4) (b); and

12 (ii) Licenses issued to persons previously licensed under this
13 section at any time during the 12-month period prior to the 12-month
14 waiver period under this subsection (4) (b).

15 (c) The waiver in (b) of this subsection does not apply to any
16 licensee that:

17 (i) Had their license suspended by the board for health and
18 safety violations of state COVID-19 guidelines; or

19 (ii) Received an order of immediate restraint or citation from
20 the department of labor and industries for allowing an employee to
21 perform work where business activity was prohibited in violation of
22 an emergency proclamation of the governor under RCW 43.06.220.

23 (d) Upon request of the department of revenue, the board and the
24 department of labor and industries must both provide a list of
25 persons that they have determined to be ineligible for a fee waiver
26 under (b) of this subsection for the reasons described in (c) of this
27 subsection. Unless otherwise agreed, any list must be received by the
28 department of revenue no later than 15 calendar days after the
29 request is made.

30 (5) Local governments may petition the board to request that
31 further restrictions be imposed on a spirits, beer, and wine
32 nightclub license in the interest of public safety. Examples of
33 further restrictions a local government may request are: No minors
34 allowed on the entire premises, submitting a security plan, or
35 signing a good neighbor agreement with the local government.

36 (6) The total number of spirits, beer, and wine nightclub
37 licenses are subject to the requirements of RCW 66.24.420(4).
38 However, the board shall refuse a spirits, beer, and wine nightclub
39 license to any applicant if the board determines that the spirits,

1 beer, and wine nightclub licenses already granted for the particular
2 locality are adequate for the reasonable needs of the community.

3 (7) The board may adopt rules to implement this section.

4 **Sec. 5.** RCW 66.24.655 and 2021 c 6 s 17 are each amended to read
5 as follows:

6 (1)(a) There is a theater license to sell spirits, beer,
7 including strong beer, or wine, or all, at retail, for consumption on
8 theater premises. A spirits, beer, and wine theater license may be
9 issued only to theaters that have no more than one hundred twenty
10 seats per screen and that are maintained in a substantial manner as a
11 place for preparing, cooking, and serving complete meals and
12 providing tabletop accommodations for in-theater dining. Requirements
13 for complete meals are the same as those adopted by the board in
14 rules pursuant to chapter 34.05 RCW for a spirits, beer, and wine
15 restaurant license authorized by RCW 66.24.400. The annual fee for a
16 spirits, beer, and wine theater license is (~~two thousand dollars~~)
17 \$1,000.

18 (b) The annual fee in (a) of this subsection is waived during the
19 12-month period beginning with the second calendar month after
20 February 28, 2021, for:

21 (i) Licenses that expire during the 12-month waiver period under
22 this subsection (1)(b); and

23 (ii) Licenses issued to persons previously licensed under this
24 section at any time during the 12-month period prior to the 12-month
25 waiver period under this subsection (1)(b).

26 (c) The waiver in (b) of this subsection does not apply to any
27 licensee that:

28 (i) Had their license suspended by the board for health and
29 safety violations of state COVID-19 guidelines; or

30 (ii) Received an order of immediate restraint or citation from
31 the department of labor and industries for allowing an employee to
32 perform work where business activity was prohibited in violation of
33 an emergency proclamation of the governor under RCW 43.06.220.

34 (d) Upon request of the department of revenue, the board and the
35 department of labor and industries must both provide a list of
36 persons that they have determined to be ineligible for a fee waiver
37 under (b) of this subsection for the reasons described in (c) of this
38 subsection. Unless otherwise agreed, any list must be received by the

1 department of revenue no later than 15 calendar days after the
2 request is made.

3 (2) If the theater premises is to be frequented by minors, an
4 alcohol control plan must be submitted to the board at the time of
5 application. The alcohol control plan must be approved by the board
6 and be prominently posted on the premises, prior to minors being
7 allowed.

8 (3) For the purposes of this section:

9 (a) "Alcohol control plan" means a written, dated, and signed
10 plan submitted to the board by an applicant or licensee for the
11 entire theater premises, or rooms or areas therein, that shows where
12 and when alcohol is permitted, where and when minors are permitted,
13 and the control measures used to ensure that minors are not able to
14 obtain alcohol or be exposed to environments where drinking alcohol
15 predominates.

16 (b) "Theater" means a place of business where motion pictures or
17 other primarily nonparticipatory entertainment are shown.

18 (4) The board must adopt rules regarding alcohol control plans
19 and necessary control measures to ensure that minors are not able to
20 obtain alcohol or be exposed to areas where drinking alcohol
21 predominates. All alcohol control plans must include a requirement
22 that any person involved in the serving of spirits, beer, and/or wine
23 must have completed a mandatory alcohol server training program.

24 (5)(a) A licensee that is an entity that is exempt from taxation
25 under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue
26 code of 1986, as amended as of January 1, 2013, may enter into
27 arrangements with a spirits, beer, or wine manufacturer, importer, or
28 distributor for brand advertising at the theater or promotion of
29 events held at the theater. The financial arrangements providing for
30 the brand advertising or promotion of events may not be used as an
31 inducement to purchase the products of the manufacturer, importer, or
32 distributor entering into the arrangement and such arrangements may
33 not result in the exclusion of brands or products of other companies.

34 (b) The arrangements allowed under this subsection (5) are an
35 exception to arrangements prohibited under RCW 66.28.305. The board
36 must monitor the impacts of these arrangements. The board may conduct
37 audits of a licensee and the affiliated business to determine
38 compliance with this subsection (5). Audits may include, but are not
39 limited to: Product selection at the facility; purchase patterns of
40 the licensee; contracts with the spirits, beer, or wine manufacturer,

1 importer, or distributor; and the amount allocated or used for
2 spirits, beer, or wine advertising by the licensee, affiliated
3 business, manufacturer, importer, or distributor under the
4 arrangements.

5 (6) The maximum penalties prescribed by the board in WAC
6 314-29-020 relating to fines and suspensions are double for
7 violations involving minors or the failure to follow the alcohol
8 control plan with respect to theaters licensed under this section.

9 **Sec. 6.** RCW 66.24.690 and 2021 c 6 s 19 are each amended to read
10 as follows:

11 (1) There shall be a caterer's license to sell spirits, beer, and
12 wine, by the individual serving, at retail, for consumption on the
13 premises at an event location that is either owned, leased, or
14 operated either by the caterer or the sponsor of the event for which
15 catering services are being provided. If the event is open to the
16 public, it must be sponsored by a society or organization as defined
17 in RCW 66.24.375. If attendance at the event is limited to members or
18 invited guests of the sponsoring individual, society, or
19 organization, the requirement that the sponsor must be a society or
20 organization as defined in RCW 66.24.375 is waived. The licensee must
21 serve food as required by rules of the board.

22 (2)(a) The annual fee is two hundred dollars for the beer
23 license, two hundred dollars for the wine license, or four hundred
24 dollars for a combination beer and wine license. The annual fee for a
25 combined beer, wine, and spirits license is (~~one thousand dollars~~)
26 \$500.

27 (b) The annual fees in (a) of this subsection are waived during
28 the 12-month period beginning with the second calendar month after
29 February 28, 2021, for:

30 (i) Licenses that expire during the 12-month waiver period under
31 this subsection (2)(b); and

32 (ii) Licenses issued to persons previously licensed under this
33 section at any time during the 12-month period prior to the 12-month
34 waiver period under this subsection (2)(b).

35 (c) The waivers in (b) of this subsection do not apply to any
36 licensee that:

37 (i) Had their license suspended by the board for health and
38 safety violations of state COVID-19 guidelines; or

1 (ii) Received an order of immediate restraint or citation from
2 the department of labor and industries for allowing an employee to
3 perform work where business activity was prohibited in violation of
4 an emergency proclamation of the governor under RCW 43.06.220.

5 (d) Upon request of the department of revenue, the board and the
6 department of labor and industries must both provide a list of
7 persons that they have determined to be ineligible for a fee waiver
8 under (b) of this subsection for the reasons described in (c) of this
9 subsection. Unless otherwise agreed, any list must be received by the
10 department of revenue no later than 15 calendar days after the
11 request is made.

12 (3) The holder of this license shall notify the board or its
13 designee of the date, time, place, and location of any catered event
14 at which liquor will be served, sold, or consumed. The board shall
15 create rules detailing notification requirements. Upon request, the
16 licensee shall provide to the board all necessary or requested
17 information concerning the individual, society, or organization that
18 will be holding the catered function at which the caterer's liquor
19 license will be utilized.

20 (4) The holder of this license may, under conditions established
21 by the board, store liquor on other premises operated by the licensee
22 so long as the other premises are owned or controlled by a leasehold
23 interest by that licensee.

24 (5) The holder of this license is prohibited from catering events
25 at locations that are already licensed to sell liquor under this
26 chapter.

27 (6) The holder of this license is responsible for all sales,
28 service, and consumption of alcohol at the location of the catered
29 event.

30 **Sec. 7.** RCW 66.24.140 and 2021 c 6 s 1 are each amended to read
31 as follows:

32 (1) There is a license to distillers, including blending,
33 rectifying, and bottling; fee (~~(two thousand dollars)~~) \$1,000 per
34 annum, unless provided otherwise as follows:

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

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

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

7 (d) The board must license stills that have been duly licensed as
8 fruit and/or wine distilleries by the federal government, used and to
9 be used solely as fruit and/or wine distilleries in the production of
10 fruit brandy and wine spirits, at a fee of two hundred dollars per
11 annum;

12 (e) The annual fees in this subsection (1) are waived during the
13 12-month period beginning with the second calendar month after
14 February 28, 2021, for:

15 (i) Licenses that expire during the 12-month waiver period under
16 this subsection (1)(e); and

17 (ii) Licenses issued to persons previously licensed under this
18 section at any time during the 12-month period prior to the 12-month
19 waiver period under this subsection (1)(e);

20 (f) The waivers in (e) of this subsection do not apply to any
21 licensee that:

22 (i) Had their license suspended by the board for health and
23 safety violations of state COVID-19 guidelines; or

24 (ii) Received an order of immediate restraint or citation from
25 the department of labor and industries for allowing an employee to
26 perform work where business activity was prohibited in violation of
27 an emergency proclamation of the governor under RCW 43.06.220; and

28 (g) Upon request of the department of revenue, the board and the
29 department of labor and industries must both provide a list of
30 persons that they have determined to be ineligible for a fee waiver
31 under (e) of this subsection for the reasons described in (f) of this
32 subsection. Unless otherwise agreed, any list must be received by the
33 department of revenue no later than 15 calendar days after the
34 request is made.

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

36 (a) Sell, for off-premises consumption, spirits of the
37 distillery's own production, spirits produced by another distillery
38 or craft distillery licensed in this state, or vermouth or sparkling
39 wine products produced by a licensee in this state. A distillery
40 selling spirits or other alcohol authorized under this subsection

1 must comply with the applicable laws and rules relating to retailers
2 for those products;

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

6 (c) Serve samples of spirits for free or for a charge, and sell
7 servings of spirits, vermouth, and sparkling wine to customers for
8 on-premises consumption, at the premises of the distillery indoors,
9 outdoors, or in any combination thereof, and at the distillery's off-
10 site tasting rooms in accordance with this chapter, subject to the
11 following conditions:

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

17 (ii) A distillery may sell, for on-premises consumption, servings
18 of spirits of the distillery's own production or spirits produced by
19 another distillery or craft distillery licensed in this state, which
20 must be adulterated with water, ice, other alcohol entitled to be
21 sold or served on the licensed premises, or nonalcoholic mixers if
22 the revenue derived from the sale of spirits for on-premises
23 consumption under this subsection (2)(c)(ii) does not comprise more
24 than thirty percent of the overall gross revenue earned in the
25 tasting room during the calendar year. Any distiller who sells
26 adulterated products under this subsection, must file an annual
27 report with the board that summarizes the distiller's revenue
28 sources; and

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

32 (3)(a) If a distillery provides or sells spirits or other alcohol
33 products authorized to be sold or provided to customers for on-
34 premises or off-premises consumption that are produced by another
35 distillery, craft distillery, or licensee in this state, then at any
36 one time no more than twenty-five percent of the alcohol stock-
37 keeping units offered or sold by the distillery at its distillery
38 premises and at any off-site tasting rooms licensed under RCW
39 66.24.146 may be vermouth, sparkling wine, or spirits made by another
40 distillery, craft distillery, or licensee in this state. If a

1 distillery sells fewer than twenty alcohol stock-keeping units of
2 products of its own production, it may sell up to five alcohol stock-
3 keeping units of vermouth, sparkling wine, or spirits produced by
4 another distillery, craft distillery, or licensee in this state.

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

9 (c) (i) No person under twenty-one years of age may be on the
10 premises of a distillery tasting room, including an off-site tasting
11 room licensed under RCW 66.24.146, unless they are accompanied by
12 their parent or legal guardian.

13 (ii) Every distillery tasting room, including the off-site
14 tasting rooms licensed under RCW 66.24.146, where alcohol is sampled,
15 sold, or served, must include a designated area where persons under
16 twenty-one years of age are allowed to enter. Such location may be in
17 a separate room or a designated area within the tasting room
18 separated from the remainder of the tasting room space as authorized
19 by the board.

20 (iii) Except for (c) (iv) of this subsection, or an event where a
21 private party has secured a private banquet permit, no person under
22 twenty-one years of age may be on the distillery premises, or the
23 off-site tasting rooms licensed under RCW 66.24.146, past 9:00 p.m.

24 (iv) Notwithstanding the limitations of (c) (iii) of this
25 subsection, persons under twenty-one years of age who are children of
26 owners, operators, or managers of a distillery or an off-site tasting
27 room licensed under RCW 66.24.146, may be in any area of a
28 distillery, tasting room, or an off-site tasting room licensed under
29 RCW 66.24.146, provided they must be under the direct supervision of
30 their parent or legal guardian while on the premises.

31 (d) Any person serving or selling spirits or other alcohol
32 authorized to be served or sold by a distillery must obtain a class
33 12 alcohol server permit.

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

35 **Sec. 8.** RCW 66.24.146 and 2021 c 6 s 2 are each amended to read
36 as follows:

37 (1) There is a tasting room license available to distillery and
38 craft distillery licensees. A tasting room license authorizes the
39 operation of an off-site tasting room, in addition to a tasting room

1 attached to the distillery's or craft distillery's production
2 facility, at which the licensee may sample, serve, and sell spirits
3 and alcohol products authorized to be sampled, served, and sold under
4 RCW 66.24.140 and 66.24.145, for on-premises and off-premises
5 consumption, subject to the same limitations as provided in RCW
6 66.24.140 and 66.24.145.

7 (2)(a) A distillery or craft distillery licensed production
8 facility is eligible for no more than two off-site tasting room
9 licenses located in this state, which may be indoors, or outdoors or
10 a combination thereof, and which shall be administratively tied to a
11 licensed production facility. A separate license is required for the
12 operation of each off-site tasting room. The fee for each off-site
13 tasting room license is (~~two thousand dollars~~) \$1,000 per annum. No
14 additional license is required for a distillery or craft distillery
15 to sample, serve, and sell spirits and alcohol to customers in a
16 tasting room on the distillery or craft distillery premises as
17 authorized under this section, RCW 66.24.1472, 66.24.140, 66.24.145,
18 66.28.040, 66.24.630, and 66.28.310. Off-site tasting rooms may have
19 a section identified and segregated as federally bonded spaces for
20 the storage of bulk or packaged spirits. Product of the licensee's
21 production may be bottled or packaged in the space.

22 (b) The annual fee in (a) of this subsection is waived during the
23 12-month period beginning with the second calendar month after
24 February 28, 2021, for:

25 (i) Licenses that expire during the 12-month waiver period under
26 this subsection (2)(b); and

27 (ii) Licenses issued to persons previously licensed under this
28 section at any time during the 12-month period prior to the 12-month
29 waiver period under this subsection (2)(b).

30 (c) The waiver in (b) of this subsection does not apply to any
31 licensee that:

32 (i) Had their license suspended by the board for health and
33 safety violations of state COVID-19 guidelines; or

34 (ii) Received an order of immediate restraint or citation from
35 the department of labor and industries for allowing an employee to
36 perform work where business activity was prohibited in violation of
37 an emergency proclamation of the governor under RCW 43.06.220.

38 (d) Upon request of the department of revenue, the board and the
39 department of labor and industries must both provide a list of
40 persons that they have determined to be ineligible for a fee waiver

1 under (b) of this subsection for the reasons described in (c) of this
2 subsection. Unless otherwise agreed, any list must be received by the
3 department of revenue no later than 15 calendar days after the
4 request is made.

5 NEW SECTION. **Sec. 9.** Sections 2 through 8 this act expire
6 December 31, 2023.

7 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
8 preservation of the public peace, health, or safety, or support of
9 the state government and its existing public institutions, and takes
10 effect May 1, 2022.

--- END ---