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**HOUSE BILL 2493**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representative Caldier

AN ACT Relating to ready-to-serve alcoholic beverages; and amending RCW 66.04.010 and 82.08.150.

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

**Sec.**  RCW 66.04.010 and 2023 c 279 s 2 are each amended to read as follows:

In this title, unless the context otherwise requires:

(1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol" does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.

(2) "Authorized representative" means a person who:

(a) Is required to have a federal basic permit issued pursuant to the federal alcohol administration act, 27 U.S.C. Sec. 204;

(b) Has its business located in the United States outside of the state of Washington;

(c) Acquires ownership of beer or wine for transportation into and resale in the state of Washington; and which beer or wine is produced by a brewery or winery in the United States outside of the state of Washington; and

(d) Is appointed by the brewery or winery referenced in (c) of this subsection as its authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such brewery or winery pursuant to this title.

(3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.

(4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.

(5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.

(6) "Board" means the liquor and cannabis board, constituted under this title.

(7) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

(8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic, or social purposes, and not for pecuniary gain.

(9) "Confection" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

(10) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

(11) "Contract liquor store" means a business that sells liquor on behalf of the board through a contract with a contract liquor store manager.

(12) "Craft distillery" means a distillery that pays the reduced licensing fee under RCW 66.24.140.

(13) "Delivery" means the transportation of alcohol to an individual located within Washington state from a licensed location holding an alcohol delivery endorsement as part of a delivery order. "Delivery" does not include services provided by common carriers.

(14) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his or her profession within the state pursuant to chapter 18.32 RCW.

(15) "Distiller" means a person engaged in the business of distilling spirits.

(16) "Domestic brewery" means a place where beer and malt liquor are manufactured or produced by a brewer within the state.

(17) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.

(18) "Drug store" means a place whose principal business is, the sale of drugs, medicines, and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.

(19) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.

(20) "Employee" means any person employed by the board.

(21) "Flavored malt beverage" means:

(a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty‑nine percent of the beverage's overall alcohol content; or

(b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one‑half percent of the beverage's overall alcohol content.

(22) "Fund" means 'liquor revolving fund.'

(23) "Hotel" means buildings, structures, and grounds, having facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests. The buildings, structures, and grounds must be located on adjacent property either owned or leased by the same person or persons.

(24) "Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.

(25) "Imprisonment" means confinement in the county jail.

(26) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine, and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine, or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.

(27) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

(28) "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.

(29) "Nightclub" means an establishment that provides entertainment and has as its primary source of revenue (a) the sale of alcohol for consumption on the premises, (b) cover charges, or (c) both.

(30) "Package" means any container or receptacle used for holding liquor.

(31) "Passenger vessel" means any boat, ship, vessel, barge, or other floating craft of any kind carrying passengers for compensation.

(32) "Permit" means a permit for the purchase of liquor under this title.

(33) "Person" means an individual, copartnership, association, or corporation.

(34) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his or her profession within the state pursuant to chapter 18.71 RCW.

(35) "Powdered alcohol" means any powder or crystalline substance containing alcohol that is produced for direct use or reconstitution.

(36) "Prescription" means a memorandum signed by a physician and given by him or her to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.

(37) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theaters, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.

(38) "Regulations" means regulations made by the board under the powers conferred by this title.

(39) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

(40) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his or her agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315: PROVIDED, That the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

(41) "Service bar" means a fixed or portable table, counter, cart, or similar workstation primarily used to prepare, mix, serve, and sell alcohol that is picked up by employees or customers. Customers may not be seated or allowed to consume food or alcohol at a service bar.

(42) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

(43) "Soju" means a traditional Korean distilled alcoholic beverage, produced using authentic Korean recipes and production methods, and derived from agricultural products, that contains not more than twenty-four percent of alcohol by volume.

(44) "Spirits" means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.

(45) "Store" means a state liquor store established under this title.

(46) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

(47) "VIP airport lounge" means an establishment within an international airport located beyond security checkpoints that provides a special space to sit, relax, read, work, and enjoy beverages where access is controlled by the VIP airport lounge operator and is generally limited to the following classifications of persons:

(a) Airline passengers of any age whose admission is based on a first-class, executive, or business class ticket;

(b) Airline passengers of any age who are qualified members or allowed guests of certain frequent flyer or other loyalty incentive programs maintained by airlines that have agreements describing the conditions for access to the VIP airport lounge;

(c) Airline passengers of any age who are qualified members or allowed guests of certain enhanced amenities programs maintained by companies that have agreements describing the conditions for access to the VIP airport lounge;

(d) Airport and airline employees, government officials, foreign dignitaries, and other attendees of functions held by the airport authority or airlines related to the promotion of business objectives such as increasing international air traffic and enhancing foreign trade where access to the VIP airport lounge will be controlled by the VIP airport lounge operator; and

(e) Airline passengers of any age or airline employees whose admission is based on a pass issued or permission given by the airline for access to the VIP airport lounge.

(48) "VIP airport lounge operator" means an airline, port district, or other entity operating a VIP airport lounge that: Is accountable for compliance with the alcohol beverage control act under this title; holds the license under chapter 66.24 RCW issued to the VIP airport lounge; and provides a point of contact for addressing any licensing and enforcement by the board.

(49)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel, and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

(b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

(50) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

(51) "Wine importer" means a person or business within Washington who purchases wine from a wine certificate of approval holder or who acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.

(52) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

(53) "Qualified additive" means any type of real color, artificial color, real flavoring, artificial flavoring, juice, extract, mix, soda, tea, tonic, carbonation, or other alcoholic or nonalcoholic addition has been added to the ethanol that alters the color, taste, flavor, consistency, carbonation, texture, mouth feel, type, class, or designation of the product.

(54) "Ready-to-serve alcoholic beverage" means any alcoholic beverage that contains greater than 0.5 percent alcohol by volume to which a qualified additive is added. In determining whether a beverage is a ready-to-serve alcoholic beverage, the following factors may not be considered: The raw ingredient source from which the ethanol was derived; the type of liquor manufacturing license the ethanol was produced or packaged under; the beverage category the product is manufactured under; the type of liquor wholesale or distribution license the product is distributed under; and the type of retail liquor license the product is sold under.

(a) "Ready-to-serve alcoholic beverages" includes, but is not limited to, product categories known under their popular category names, including canned cocktails, ready-to-drink beverages, ready-to-serve beverages, premixed cocktails, seltzers, hard seltzers, hard teas, hard coffees, hard kombuchas, adult sodas, hard sodas, spiked juices, hard sparkling water, ranch water, flavored malted beverages, wine cocktails, spiked cider, cider-based cocktails, and any other type of category of beverage alcohol that otherwise meets the definition of ready-to-serve alcoholic beverages in this section.

(b) "Ready-to-serve alcoholic beverages" does not include traditional beer, wine, cider, mead, spirits, food products containing greater than 0.5 percent alcohol by volume that are not classified as beverage alcohol products, or other alcoholic beverages packaged without any qualified additives.

**Sec.**  RCW 82.08.150 and 2021 c 48 s 6 are each amended to read as follows:

(1) There is levied and collected a tax upon each retail sale of spirits and ready-to-serve alcoholic beverages in the original package at the rate of fifteen percent of the selling price.

(2) There is levied and collected a tax upon each sale of spirits and ready-to-serve alcoholic beverages in the original package at the rate of ten percent of the selling price on sales by a spirits distributor licensee, ready-to-serve alcoholic beverage distributor licensee, or other licensee acting as a spirits distributor pursuant to Title 66 RCW to restaurant spirits retailers.

(3) There is levied and collected an additional tax upon each sale of spirits and ready-to-serve alcoholic beverages in the original package by a spirits distributor licensee, ready-to-serve alcoholic beverage distributor licensee, or other licensee acting as a spirits distributor pursuant to Title 66 RCW to a restaurant spirits retailer and upon each retail sale of spirits and ready-to-serve alcoholic beverages in the original package by a licensee of the board at the rate of one dollar and seventy-two cents per liter.

(4) An additional tax is imposed equal to fourteen percent multiplied by the taxes payable under subsections (1), (2), and (3) of this section.

(5)(a) An additional tax is imposed upon each sale of spirits in the original package by a spirits distributor licensee or other licensee acting as a spirits distributor pursuant to Title 66 RCW to a restaurant spirits retailer and upon each retail sale of spirits in the original package by a licensee of the board at the rate of seven cents per liter. All revenues collected during any month from this additional tax must be deposited in the state general fund by the twenty-fifth day of the following month.

(b) An additional tax is imposed upon each sale of ready-to-serve alcoholic beverages in the original package by any distributor licensed to distribute ready-to-serve alcoholic beverages to any licensed liquor retailer licensed to serve ready-to-serve alcoholic beverages for on-premises consumption at the rate of $0.07 per liter. All revenues collected during any month from this additional tax must be deposited in the state general fund by the 25th day of the following month.

(6)(a) An additional tax is imposed upon retail sale of spirits and ready-to-serve alcoholic beverages in the original package at the rate of three and four-tenths percent of the selling price.

(b)(i) An additional tax is imposed upon retail sale of spirits in the original package to a restaurant spirits retailer at the rate of two and three-tenths percent of the selling price.

(ii) An additional tax is imposed upon each retail sale of ready-to-serve alcoholic beverages in the original package to any licensee licensed to sell ready-to-serve alcoholic beverages for on-premises consumption at the rate of 2.3 percent of the selling price.

(c)(i) An additional tax is imposed upon each sale of spirits in the original package by a spirits distributor licensee or other licensee acting as a spirits distributor pursuant to Title 66 RCW to a restaurant spirits retailer and upon each retail sale of spirits in the original package by a licensee of the board at the rate of forty-one cents per liter.

(ii) An additional tax is imposed upon each sale of ready-to-serve alcoholic beverages in the original package by a liquor distributor licensee to any licensee licensed to sell ready-to-serve alcoholic beverages in the original package for on-premises consumption at the rate of $0.41 per liter.

(d) All revenues collected during any month from additional taxes under this subsection must be deposited in the state general fund by the twenty-fifth day of the following month.

(7)(a) An additional tax is imposed upon each retail sale of spirits and ready-to-serve alcoholic beverages in the original package at the rate of one dollar and thirty-three cents per liter.

(b) All revenues collected during any month from additional taxes under this subsection must be deposited by the twenty-fifth day of the following month into the general fund.

(8) The tax imposed in RCW 82.08.020 does not apply to sales of spirits or ready-to-serve alcoholic beverages in the original package.

(9) The taxes imposed in this section must be paid by the buyer to the seller, and each seller must collect from the buyer the full amount of the tax payable in respect to each taxable sale under this section. The taxes required by this section to be collected by the seller must be stated separately from the selling price, and for purposes of determining the tax due from the buyer to the seller, it is conclusively presumed that the selling price quoted in any price list does not include the taxes imposed by this section. Sellers must report and return all taxes imposed in this section in accordance with rules adopted by the department.

(10)(a) Except as otherwise provided in this subsection, the terms, "spirits" and "package" have the same meaning as provided in chapter 66.04 RCW.

(b) Until July 1, 2023, for the purposes of the taxes imposed under this section, the term "spirits" does not include mini-bottles of spirits sold by a person who possesses a valid endorsement under section 2(6), chapter 48, Laws of 2021 and is licensed as a spirits, beer, and wine restaurant under RCW 66.24.400.

(c) For the purposes of this subsection, "mini-bottles of spirits" means an original factory-sealed container holding not more than 50 milliliters of spirits.

(d) For purposes of this section, "ready-to-serve alcoholic beverage" has the same meaning as in RCW 66.04.010.

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