
SUBSTITUTE HOUSE BILL 2207

State of Washington

69th Legislature

2026 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives McClintock and Reed)

READ FIRST TIME 02/03/26.

1 AN ACT Relating to warehousing of alcohol; amending RCW
2 66.24.185; reenacting and amending RCW 66.24.240; and adding a new
3 section to chapter 66.24 RCW.

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

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

7 (1) There shall be a bonded and nonbonded beer warehouse license
8 for beer warehouses that authorizes, to the extent allowed under
9 federal law and under rules adopted by the board, the storage and
10 handling of beer in bond and the storage and handling of tax-paid
11 beer not in bond. Under this license a licensee may maintain a
12 warehouse for the storage and handling of federally authorized beer
13 off the premises of a brewery for brewers qualified under RCW
14 66.24.240, 66.24.244, or 66.24.270, or entities otherwise licensed
15 and permitted in this state. Beer may also be transferred in bond
16 from out-of-state manufacturers to the extent allowed by federal law
17 and under rules adopted by the board. Beer may be stored and handled
18 and is not for processing or bottling in the beer warehouse. An
19 applicant must designate clearly in its license application to the
20 board the sections of the warehouse that are bonded and nonbonded
21 with a physical separation between such spaces. Only beer in bond may

1 be stored in the bonded sections of the warehouse and only beer that
2 has been removed from bond tax-paid may be stored in nonbonded areas
3 of the warehouse. The proprietor of the warehouse must maintain a
4 plan for tracking beer being stored in the warehouse to ensure
5 compliance with relevant bonding and tax obligations. Nothing in this
6 section prohibits the storage of nonalcohol products in a bonded or
7 nonbonded section of the warehouse. The fee for this license is \$150
8 per year, unless an applicant is already licensed under RCW
9 66.24.185, in which case there is no fee for a license under this
10 section.

11 (2) The board must adopt similar qualifications for a beer
12 warehouse licensed under this section as required for obtaining a
13 license as specified in RCW 66.24.010, 66.24.240, 66.24.244, and
14 66.24.270. A licensee must be a sole proprietor, a partnership, a
15 limited liability company, or a corporation. One or more domestic
16 breweries, microbreweries, beer manufacturers, or beer certificate of
17 approval holders may operate as a partnership, corporation, business
18 co-op, cotenant, or agricultural co-op for the purpose of obtaining a
19 bonded and nonbonded beer warehouse license or storing beer in the
20 facility under a common management and oversight agreement free of
21 charge or for a fee.

22 (3) Beer in bond and beer that is being removed from a beer
23 warehouse licensed under this section tax-paid may be removed from a
24 beer warehouse licensed under this section for the purpose of being:

25 (a) Exported from the state;

26 (b) Shipped to a licensed Washington beer distributor; or

27 (c) Returned to a microbrewery, domestic brewery, certificate of
28 approval holder, or bonded and nonbonded beer warehouse.

29 (4) The ownership and operation of a beer warehouse facility
30 licensed under this section may be by a person or entity other than
31 those described in this section acting in a commercial warehouse
32 management position under contract for such licensed persons or
33 entities on their behalf.

34 (5) A license applicant must demonstrate the right to have
35 warehoused beer under a valid federal permit held by a licensee who
36 maintains ownership and title to the beer while it is in storage in
37 the beer warehouse licensed under this section.

38 (6) The board must adopt rules requiring a beer warehouse
39 licensed under this section to be physically secure, zoned for the

1 intended use, and, except as otherwise authorized in this section,
2 physically separated from any other use.

3 (7) The operator or licensee operating a beer warehouse licensed
4 under this section must submit to the board a monthly report of
5 movement of beer to and from a warehouse licensed under this section
6 in a form prescribed by the board. The board may adopt other
7 necessary procedures by which such warehouses are licensed and
8 regulated.

9 (8) Handling of beer in the beer warehouse licensed under this
10 section includes inventory management, packaging and repackaging
11 services, and preparation for shipment as authorized in subsection
12 (3) of this section. Relabeling or altering beer is prohibited in a
13 manner not authorized by federal law or rules. A domestic brewery,
14 microbrewery, beer manufacturer, or beer certificate of approval
15 holder contracting with the operator of a beer warehouse licensed
16 under this section for storage and handling of beer must comply with
17 all applicable state and federal laws and rules.

18 (9) Beer stored under a beer warehouse license in this section
19 must remain under ownership of the contracting licensee or
20 certificate of approval holder at all times. A license under this
21 section does not allow wholesale sales or any type of retail or
22 direct-to-consumer sale or shipment of beer, or title transfer, price
23 negotiation, or invoicing related to sales of beer by the owner of
24 the beer.

25 (10) Beer may be stored in the same physical structure as wine
26 and spirits if the proper licenses are held to warehouse wine or
27 spirits under RCW 66.24.185 or 66.24.695 and federal permit, bond,
28 and any other requirements are met. Beer, wine, and spirits must be
29 physically and operationally separated. Separate records must be
30 maintained with respect to storage and handling of any beer, wine, or
31 spirits. The board shall ensure that an applicant's operations will
32 be compliant with federal law and rules before issuing a license
33 under this section.

34 (11) Warehousing of beer is prohibited by any person other than:
35 (a) A licensed microbrewery, domestic brewery, beer manufacturer, or
36 beer warehouse licensed under this section; (b) a licensed Washington
37 beer distributor; (c) a licensed Washington beer importer; or (d) a
38 beer certificate of approval holder.

39 (12) For purposes of this section, "beer" includes bottled,
40 canned, or kegged beer and includes strong beer.

1 **Sec. 2.** RCW 66.24.185 and 2025 c 343 s 13 are each amended to
2 read as follows:

3 (1) There shall be a license for bonded wine warehouses which
4 shall authorize the storage and handling of bottled wine. Under this
5 license a licensee may maintain a warehouse for the storage of wine
6 off the premises of a winery.

7 (2) The board shall adopt similar qualifications for a bonded
8 wine warehouse license as required for obtaining a domestic winery
9 license as specified in RCW 66.24.010 and 66.24.170. A licensee must
10 be a sole proprietor, a partnership, a limited liability company, or
11 a corporation. One or more domestic wineries may operate as a
12 partnership, corporation, business co-op, or agricultural co-op for
13 the purposes of obtaining a bonded wine warehouse license.

14 (3) All bottled wine shipped to a bonded wine warehouse from a
15 winery or another bonded wine warehouse shall remain under bond and
16 no tax imposed under RCW 66.24.210 shall be due, unless the wine is
17 removed from bond and shipped to a licensed Washington wine
18 distributor. Wine may be removed from a bonded wine warehouse only
19 for the purpose of being (a) exported from the state, (b) shipped to
20 a licensed Washington wine distributor, (c) returned to a winery or
21 bonded wine warehouse, or (d) shipped to a consumer pursuant to RCW
22 66.20.360 through 66.20.390.

23 (4) Warehousing of wine by any person other than (a) a licensed
24 domestic winery or a bonded wine warehouse licensed under the
25 provisions of this section, (b) a licensed Washington wine
26 distributor, (c) a licensed Washington wine importer, (d) a wine
27 certificate of approval holder (W7), or (e) the board, is prohibited.

28 (5) A license applicant shall hold a federal permit for a bonded
29 wine cellar and may be required to post a continuing wine tax bond of
30 such an amount and in such a form as may be required by the board
31 prior to the issuance of a bonded wine warehouse license. The fee for
32 this license shall be \$150 per annum, unless an applicant is already
33 licensed under section 1 of this act, in which case there is no
34 additional annual fee under this subsection.

35 (6) The board shall adopt rules requiring a bonded wine warehouse
36 to be physically secure, zoned for the intended use and physically
37 separated from any other use.

38 (7) Every licensee shall submit to the board a monthly report of
39 movement of bottled wines to and from a bonded wine warehouse in a
40 form prescribed by the board. The board may adopt other necessary

1 procedures by which bonded wine warehouses are licensed and
2 regulated.

3 (8) Handling of bottled wine, as provided for in this section,
4 includes packaging and repackaging services; bottle labeling
5 services; creating baskets or variety packs that may or may not
6 include nonwine products; and picking, packing, and shipping wine
7 orders direct to consumer. A winery contracting with a bonded wine
8 warehouse for handling bottled wine must comply with all applicable
9 state and federal laws and shall be responsible for financial
10 transactions in direct to consumer shipping activities.

11 **Sec. 3.** RCW 66.24.240 and 2025 c 343 s 16 and 2025 c 141 s 1 are
12 each reenacted and amended to read as follows:

13 (1) There shall be a license for domestic breweries; fee to be
14 \$2,100 for production of 60,000 barrels or more of malt liquor per
15 year.

16 (2) (a) Any domestic brewery, except for a brand owner of malt
17 beverages under RCW 66.04.010(7), licensed under this section may
18 also act as a distributor and/or retailer for beer of its own
19 production.

20 (b) Any domestic brewery operating as a distributor and/or
21 retailer under this subsection shall comply with the applicable laws
22 and rules relating to distributors and/or retailers, except that a
23 domestic brewery operating as a distributor may maintain a warehouse
24 off the premises of the domestic brewery for the distribution of beer
25 if:

26 (i) The warehouse has been approved by the board under RCW
27 66.24.010; and

28 (ii) The number of warehouses off the premises of the domestic
29 brewery does not exceed one.

30 (c) A domestic brewery holding a spirits, beer, and wine
31 restaurant license may sell beer of its own production for off-
32 premises consumption from its restaurant premises in kegs or in a
33 sanitary container brought to the premises by the purchaser or
34 furnished by the licensee and filled at the tap by the licensee at
35 the time of sale.

36 (3) Any domestic brewery licensed under this section may also
37 sell beer produced by another domestic brewery or a microbrewery for
38 on and off-premises consumption from its premises as long as the

1 other breweries' brands do not exceed 25 percent of the domestic
2 brewery's on-tap offering of its own brands.

3 (4) A domestic brewery may hold up to four retail licenses to
4 operate an on or off-premises tavern, beer and/or wine restaurant,
5 spirits, beer, and wine restaurant, or any combination thereof. This
6 retail license is separate from the brewery license. A brewery that
7 holds a tavern license, a spirits, beer, and wine restaurant license,
8 or a beer and/or wine restaurant license shall hold the same
9 privileges and endorsements as permitted under RCW 66.24.320,
10 66.24.330, and 66.24.420. However, when qualifying for and
11 maintaining a beer and/or wine restaurant license or a spirits, beer,
12 and wine restaurant license, a domestic brewery may subcontract with
13 one or more individuals or entities to satisfy food service
14 requirements applicable to the beer and/or wine restaurant license or
15 the spirits, beer, and/or wine restaurant license.

16 (5) Any domestic brewery licensed under this section may
17 contract-produce beer for a brand owner of malt beverages defined
18 under RCW 66.04.010(7), and this contract-production is not a sale
19 for the purposes of RCW 66.28.170 and 66.28.180.

20 (6) (a) A domestic brewery licensed under this section and
21 qualified for a reduced rate of taxation pursuant to RCW
22 66.24.290(3)(b) may apply to the board for an endorsement to sell
23 bottled beer of its own production at retail for off-premises
24 consumption at a qualifying farmers market. The annual fee for this
25 endorsement is \$112.50.

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

32 (c) The beer sold at qualifying farmers markets must be produced
33 in Washington.

34 (d) Each approved location in a qualifying farmers market is
35 deemed to be part of the domestic brewery license for the purpose of
36 this title. The approved locations under an endorsement granted under
37 this subsection do not include the tasting or sampling privilege of a
38 domestic brewery. The domestic brewery may not store beer at a
39 farmers market beyond the hours that the domestic brewery offers

1 bottled beer for sale. The domestic brewery may not act as a
2 distributor from a farmers market location.

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

20 (f) The board may adopt rules establishing the application and
21 approval process under this section and such additional rules as may
22 be necessary to implement this section.

23 (g) For the purposes of this subsection:

24 (i) "Qualifying farmers market" means an entity that sponsors a
25 regular assembly of vendors at a defined location for the purpose of
26 promoting the sale of agricultural products grown or produced in this
27 state directly to the consumer under conditions that meet the
28 following minimum requirements:

29 (A) There are at least five participating vendors who are farmers
30 selling their own agricultural products;

31 (B) The total combined gross annual sales of vendors who are
32 farmers exceeds the total combined gross annual sales of vendors who
33 are processors or resellers;

34 (C) The total combined gross annual sales of vendors who are
35 farmers, processors, or resellers exceeds the total combined gross
36 annual sales of vendors who are not farmers, processors, or
37 resellers;

38 (D) The sale of imported items and secondhand items by any vendor
39 is prohibited; and

40 (E) No vendor is a franchisee.

1 (ii) "Farmer" means a natural person who sells, with or without
2 processing, agricultural products that he or she raises on land he or
3 she owns or leases in this state or in another state's county that
4 borders this state.

5 (iii) "Processor" means a natural person who sells processed food
6 that he or she has personally prepared on land he or she owns or
7 leases in this state or in another state's county that borders this
8 state.

9 (iv) "Reseller" means a natural person who buys agricultural
10 products from a farmer and resells the products directly to the
11 consumer.

12 (7) The state board of health shall adopt rules to allow dogs on
13 the premises of licensed domestic breweries that do not provide or
14 subcontract for food service subject to a food service permit
15 requirement.

16 (8) (a) Subject to (b) of this subsection, nothing in this title
17 prohibits the use of a domestic brewery's licensed premises for the
18 subcontracted and, where applicable, subleased operation of a mobile
19 food unit, as defined in RCW 43.20.025, or an independently operated
20 food service provider or establishment by one or more persons or
21 entities who sells food and nonalcoholic beverages to the public and
22 does not hold a retail liquor license.

23 (b) (i) The premises used by the mobile food unit, as defined in
24 RCW 43.20.025, or independently operated food service provider or
25 establishment, and the areas of the licensee's premises to which
26 staff of the mobile food unit or independently operated food service
27 provider or establishment may access, must be substantially separated
28 from the storage of nontax-paid alcohol.

29 (ii) A person who subcontracts or subleases with a domestic
30 brewery as provided in (a) of this subsection (8) is responsible for
31 all kitchen space identified in the subcontract or sublease and for
32 compliance with all applicable local health department regulations,
33 including kitchen and food service permits. A diagram of the kitchen
34 plan must be included in the subcontract or sublease, and the
35 subcontract or sublease must evidence agreement of this space to be
36 subcontracted or subleased. A domestic brewery subcontracting or
37 subleasing space on its licensed premises as provided in (a) of this
38 subsection (8) shall include in the subcontract or sublease a
39 notification that the other party to the agreement is responsible for
40 the entire subcontracted or subleased space and must hold necessary

1 kitchen and food service permits from the applicable local
2 jurisdiction.

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