
SENATE BILL 6770

State of Washington 60th Legislature 2008 Regular Session

By Senators Kohl-Welles, Holmquist, McAuliffe, Hewitt, and Delvin

Read first time 01/23/08. Referred to Committee on Labor, Commerce, Research & Development.

1 AN ACT Relating to alcoholic beverage regulation; amending RCW
2 66.24.185, 66.24.170, 66.24.240, 66.24.240, 66.24.590, and 66.28.040;
3 reenacting and amending RCW 66.24.244, 66.24.244, and 66.24.400;
4 providing effective dates; and providing an expiration date.

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

6 **Sec. 1.** RCW 66.24.185 and 1999 c 281 s 4 are each amended to read
7 as follows:

8 (1) There shall be a license for bonded wine warehouses which shall
9 authorize the storage and handling of bottled wine (~~only~~). Under
10 this license a licensee may maintain a warehouse for the storage of
11 wine off the premises of a winery.

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

1 (3) All bottled wine shipped to a bonded wine warehouse from a
2 winery or another bonded wine warehouse shall remain under bond and no
3 tax imposed under RCW 66.24.210 shall be due, unless the wine is
4 removed from bond and shipped to a licensed Washington wine
5 distributor. Wine may be removed from a bonded wine warehouse only for
6 the purpose of being (a) exported from the state, (b) shipped to a
7 licensed Washington wine distributor, ~~((c))~~ (c) returned to a winery
8 or bonded wine warehouse, or shipped to a consumer pursuant to RCW
9 66.20.360 through 66.20.390.

10 (4) Warehousing of wine by any person other than (a) a licensed
11 domestic winery or a bonded wine warehouse licensed under the
12 provisions of this section, (b) a licensed Washington wine distributor,
13 (c) a licensed Washington wine importer, (d) a wine certificate of
14 approval holder (W7), or (e) the liquor control board, is prohibited.

15 (5) A license applicant shall hold a federal permit for a bonded
16 wine cellar and may be required to post a continuing wine tax bond of
17 such an amount and in such a form as may be required by the board prior
18 to the issuance of a bonded wine warehouse license. The fee for this
19 license shall be one hundred dollars per annum.

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

23 (7) Every licensee shall submit to the board a monthly report of
24 movement of bottled wines to and from a bonded wine warehouse in a form
25 prescribed by the board. The board may adopt other necessary
26 procedures by which bonded wine warehouses are licensed and regulated.

27 (8) Handling of bottled wine, as provided for in this section,
28 includes packaging and repackaging services; bottle labeling services;
29 creating baskets or variety packs that may or may not include nonwine
30 products; and picking, packing, and shipping wine orders direct to
31 consumer. A winery contracting with a bonded wine warehouse for
32 handling bottled wine shall be responsible for compliance and financial
33 transactions in direct to consumer shipping activities.

34 **Sec. 2.** RCW 66.24.170 and 2007 c 16 s 2 are each amended to read
35 as follows:

36 (1) There shall be a license for domestic wineries; fee to be

1 computed only on the liters manufactured: Less than two hundred fifty
2 thousand liters per year, one hundred dollars per year; and two hundred
3 fifty thousand liters or more per year, four hundred dollars per year.

4 (2) The license allows for the manufacture of wine in Washington
5 state from grapes or other agricultural products.

6 (3) Any domestic winery licensed under this section may also act as
7 a retailer of wine of its own production. Any domestic winery licensed
8 under this section may act as a distributor of its own production.
9 Notwithstanding any language in this title to the contrary, a domestic
10 winery may use a common carrier to deliver up to one hundred cases of
11 its own production, in the aggregate, per month to licensed Washington
12 retailers. A domestic winery may not arrange for any such common
13 carrier shipments to licensed retailers of wine not of its own
14 production. Except as provided in this section, any winery operating
15 as a distributor and/or retailer under this subsection shall comply
16 with the applicable laws and rules relating to distributors and/or
17 retailers.

18 (4) A domestic winery licensed under this section, at locations
19 separate from any of its production or manufacturing sites, may serve
20 samples of its own products, with or without charge, and sell wine of
21 its own production at retail (~~for off-premise consumption~~), provided
22 that: (a) Each additional location has been approved by the board
23 under RCW 66.24.010; (b) the total number of additional locations does
24 not exceed two; and (c) a winery may not act as a distributor at any
25 such additional location. Each additional location is deemed to be
26 part of the winery license for the purpose of this title. Nothing in
27 this subsection shall be construed to prevent a domestic winery from
28 holding multiple domestic winery licenses.

29 (5)(a) A domestic winery licensed under this section may apply to
30 the board for an endorsement to sell wine of its own production at
31 retail for off-premises consumption at a qualifying farmers market.
32 The annual fee for this endorsement is seventy-five dollars. An
33 endorsement issued pursuant to this subsection does not count toward
34 the two additional retail locations limit specified in this section.

35 (b) For each month during which a domestic winery will sell wine at
36 a qualifying farmers market, the winery must provide the board or its
37 designee a list of the dates, times, and locations at which bottled

1 wine may be offered for sale. This list must be received by the board
2 before the winery may offer wine for sale at a qualifying farmers
3 market.

4 (c) The wine sold at qualifying farmers markets must be made
5 entirely from grapes grown in a recognized Washington appellation or
6 from other agricultural products grown in this state.

7 (d) Each approved location in a qualifying farmers market is deemed
8 to be part of the winery license for the purpose of this title. The
9 approved locations under an endorsement granted under this subsection
10 do not include the tasting or sampling privilege of a winery. The
11 winery may not store wine at a farmers market beyond the hours that the
12 winery offers bottled wine for sale. The winery may not act as a
13 distributor from a farmers market location.

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

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

32 (g) For the purposes of this subsection:

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

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

3 (B) The total combined gross annual sales of vendors who are
4 farmers exceeds the total combined gross annual sales of vendors who
5 are processors or resellers;

6 (C) The total combined gross annual sales of vendors who are
7 farmers, processors, or resellers exceeds the total combined gross
8 annual sales of vendors who are not farmers, processors, or resellers;

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

11 (E) No vendor is a franchisee.

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

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

19 (iv) "Reseller" means a natural person who buys agricultural
20 products from a farmer and resells the products directly to the
21 consumer.

22 (6) Wine produced in Washington state by a domestic winery licensee
23 may be shipped out-of-state for the purpose of making it into sparkling
24 wine and then returned to such licensee for resale. Such wine shall be
25 deemed wine manufactured in the state of Washington for the purposes of
26 RCW 66.24.206, and shall not require a special license.

27 **Sec. 3.** RCW 66.24.240 and 2007 c 370 s 6 are each amended to read
28 as follows:

29 (1) There shall be a license for domestic breweries; fee to be two
30 thousand dollars for production of sixty thousand barrels or more of
31 malt liquor per year.

32 (2) Any domestic brewery, except for a brand owner of malt
33 beverages under RCW 66.04.010(6), licensed under this section may also
34 act as a retailer for beer of its own production. Any domestic brewery
35 licensed under this section may act as a distributor for beer of its
36 own production. Any domestic brewery operating as a distributor and/or
37 retailer under this subsection shall comply with the applicable laws

1 and rules relating to distributors and/or retailers. A domestic
2 brewery holding a spirits, beer, and wine restaurant license may sell
3 beer of its own production for off-premises consumption from its
4 restaurant premises in kegs or in a sanitary container brought to the
5 premises by the purchaser or furnished by the licensee and filled at
6 the tap by the licensee at the time of sale.

7 (3) A domestic brewery may hold a retail license under this
8 chapter. This retail license is separate from the brewery license. A
9 brewery that holds a spirits, beer, and wine restaurant license or a
10 beer and/or wine restaurant license shall hold the same privileges and
11 endorsements as permitted under RCW 66.24.320 and 66.24.420.

12 ~~((If the brewery licensee holds a separate license for a
13 spirits, beer, and wine restaurant or a beer and/or wine restaurant
14 operated on the brewery premises, the licensee may hold a second retail
15 license for a spirits, beer, and wine restaurant or a beer and/or wine
16 restaurant at a location separate from the brewery premises))~~ A
17 domestic brewery licensed under this section may hold up to two retail
18 licenses operated on or off-premise from the brewery for a tavern, or
19 a beer and/or wine restaurant, or a spirits, beer, and wine restaurant.

20 (5) Any domestic brewery licensed under this section may contract-
21 produce beer for a brand owner of malt beverages defined under RCW
22 66.04.010(6), and this contract-production is not a sale for the
23 purposes of RCW 66.28.170 and 66.28.180.

24 (6)(a) A domestic brewery licensed under this section and qualified
25 for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may
26 apply to the board for an endorsement to sell bottled beer of its own
27 production at retail for off-premises consumption at a qualifying
28 farmers market. The annual fee for this endorsement is seventy-five
29 dollars.

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

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

1 (d) Each approved location in a qualifying farmers market is deemed
2 to be part of the domestic brewery license for the purpose of this
3 title. The approved locations under an endorsement granted under this
4 subsection do not include the tasting or sampling privilege of a
5 domestic brewery. The domestic brewery may not store beer at a farmers
6 market beyond the hours that the domestic brewery offers bottled beer
7 for sale. The domestic brewery may not act as a distributor from a
8 farmers market location.

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

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

28 (g) For the purposes of this subsection:

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

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

36 (B) The total combined gross annual sales of vendors who are
37 farmers exceeds the total combined gross annual sales of vendors who
38 are processors or resellers;

1 (C) The total combined gross annual sales of vendors who are
2 farmers, processors, or resellers exceeds the total combined gross
3 annual sales of vendors who are not farmers, processors, or resellers;

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

6 (E) No vendor is a franchisee.

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

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

14 (iv) "Reseller" means a natural person who buys agricultural
15 products from a farmer and resells the products directly to the
16 consumer.

17 **Sec. 4.** RCW 66.24.240 and 2007 c 370 s 7 are each amended to read
18 as follows:

19 (1) There shall be a license for domestic breweries; fee to be two
20 thousand dollars for production of sixty thousand barrels or more of
21 malt liquor per year.

22 (2) Any domestic brewery, except for a brand owner of malt
23 beverages under RCW 66.04.010(6), licensed under this section may also
24 act as a distributor and/or retailer for beer of its own production.
25 Any domestic brewery operating as a distributor and/or retailer under
26 this subsection shall comply with the applicable laws and rules
27 relating to distributors and/or retailers. A domestic brewery holding
28 a spirits, beer, and wine restaurant license may sell beer of its own
29 production for off-premises consumption from its restaurant premises in
30 kegs or in a sanitary container brought to the premises by the
31 purchaser or furnished by the licensee and filled at the tap by the
32 licensee at the time of sale.

33 (3) A domestic brewery may hold a retail license under this
34 chapter. This retail license is separate from the brewery license. A
35 brewery that holds a spirits, beer, and wine restaurant license or a
36 beer and/or wine restaurant license shall hold the same privileges and
37 endorsements as permitted under RCW 66.24.320 and 66.24.420.

1 (4) (~~If the brewery licensee holds a separate license for a~~
2 ~~spirits, beer, and wine restaurant or a beer and/or wine restaurant~~
3 ~~operated on the brewery premises, the licensee may hold a second retail~~
4 ~~license for a spirits, beer, and wine restaurant or a beer and/or wine~~
5 ~~restaurant at a location separate from the brewery premises)) A
6 domestic brewery licensed under this section may hold up to two retail
7 licenses operated on or off-premise from the brewery for a tavern, or
8 a beer and/or wine restaurant, or a spirits, beer, and wine restaurant.~~

9 (5) Any domestic brewery licensed under this section may contract-
10 produce beer for a brand owner of malt beverages defined under RCW
11 66.04.010(6), and this contract-production is not a sale for the
12 purposes of RCW 66.28.170 and 66.28.180.

13 (6)(a) A domestic brewery licensed under this section and qualified
14 for a reduced rate of taxation pursuant to RCW 66.24.290(3)(b) may
15 apply to the board for an endorsement to sell bottled beer of its own
16 production at retail for off-premises consumption at a qualifying
17 farmers market. The annual fee for this endorsement is seventy-five
18 dollars.

19 (b) For each month during which a domestic brewery will sell beer
20 at a qualifying farmers market, the domestic brewery must provide the
21 board or its designee a list of the dates, times, and locations at
22 which bottled beer may be offered for sale. This list must be received
23 by the board before the domestic brewery may offer beer for sale at a
24 qualifying farmers market.

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

27 (d) Each approved location in a qualifying farmers market is deemed
28 to be part of the domestic brewery license for the purpose of this
29 title. The approved locations under an endorsement granted under this
30 subsection do not include the tasting or sampling privilege of a
31 domestic brewery. The domestic brewery may not store beer at a farmers
32 market beyond the hours that the domestic brewery offers bottled beer
33 for sale. The domestic brewery may not act as a distributor from a
34 farmers market location.

35 (e) Before a domestic brewery may sell bottled beer at a qualifying
36 farmers market, the farmers market must apply to the board for
37 authorization for any domestic brewery with an endorsement approved
38 under this subsection to sell bottled beer at retail at the farmers

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

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

16 (g) For the purposes of this subsection:

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

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

24 (B) The total combined gross annual sales of vendors who are
25 farmers exceeds the total combined gross annual sales of vendors who
26 are processors or resellers;

27 (C) The total combined gross annual sales of vendors who are
28 farmers, processors, or resellers exceeds the total combined gross
29 annual sales of vendors who are not farmers, processors, or resellers;

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

32 (E) No vendor is a franchisee.

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

37 (iii) "Processor" means a natural person who sells processed food

1 that he or she has personally prepared on land he or she owns or leases
2 in this state or in another state's county that borders this state.

3 (iv) "Reseller" means a natural person who buys agricultural
4 products from a farmer and resells the products directly to the
5 consumer.

6 **Sec. 5.** RCW 66.24.244 and 2007 c 370 s 4 and 2007 c 222 s 1 are
7 each reenacted and amended to read as follows:

8 (1) There shall be a license for microbreweries; fee to be one
9 hundred dollars for production of less than sixty thousand barrels of
10 malt liquor, including strong beer, per year.

11 (2) Any microbrewery licensed under this section may also act as a
12 distributor and/or retailer for beer and strong beer of its own
13 production. Any microbrewery licensed under this section may act as a
14 distributor for beer of its own production. Strong beer may not be
15 sold at a farmers market or under any endorsement which may authorize
16 microbreweries to sell beer at farmers markets. Any microbrewery
17 operating as a distributor and/or retailer under this subsection shall
18 comply with the applicable laws and rules relating to distributors
19 and/or retailers. A microbrewery holding a spirits, beer, and wine
20 restaurant license may sell beer of its own production for off-premises
21 consumption from its restaurant premises in kegs or in a sanitary
22 container brought to the premises by the purchaser or furnished by the
23 licensee and filled at the tap by the licensee at the time of sale.

24 (3) The board may issue a license allowing a microbrewery to
25 operate a spirits, beer, and wine restaurant under RCW 66.24.420.

26 (4) ~~((The board may issue a license to a microbrewery allowing for
27 on-premises consumption of beer, including strong beer, wine, or both
28 of other manufacture if purchased from a Washington state licensed
29 distributor. The microbrewer must determine, at the time the license
30 is issued, whether the licensed premises will be operated as a tavern
31 with persons under twenty one years of age not allowed as provided for
32 in RCW 66.24.330, or as a beer and/or wine restaurant as described in
33 RCW 66.24.320))~~ A microbrewery licensed under this section may hold up
34 to two retail licenses operated on or off-premise from the brewery for
35 a tavern, or a beer and/or wine restaurant, or a spirits, beer, and
36 wine restaurant.

1 (5) A microbrewery that holds a spirits, beer, and wine restaurant
2 license or a beer and/or wine restaurant license shall hold the same
3 privileges and endorsements as permitted under RCW 66.24.320 and
4 66.24.420.

5 (6) If the microbrewery licensee holds a separate license for a
6 spirits, beer, and wine restaurant or a beer and/or wine restaurant,
7 operated on the brewery premises, the licensee may hold a second retail
8 license for a spirits, beer, and wine restaurant or a beer and/or wine
9 restaurant, at a location separate from the licensed brewery premises.

10 (7)(a) A microbrewery licensed under this section may apply to the
11 board for an endorsement to sell bottled beer of its own production at
12 retail for off-premises consumption at a qualifying farmers market.
13 The annual fee for this endorsement is seventy-five dollars.

14 (b) For each month during which a microbrewery will sell beer at a
15 qualifying farmers market, the microbrewery must provide the board or
16 its designee a list of the dates, times, and locations at which bottled
17 beer may be offered for sale. This list must be received by the board
18 before the microbrewery may offer beer for sale at a qualifying farmers
19 market.

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

22 (d) Each approved location in a qualifying farmers market is deemed
23 to be part of the microbrewery license for the purpose of this title.
24 The approved locations under an endorsement granted under this
25 subsection (7) do not constitute the tasting or sampling privilege of
26 a microbrewery. The microbrewery may not store beer at a farmers
27 market beyond the hours that the microbrewery offers bottled beer for
28 sale. The microbrewery may not act as a distributor from a farmers
29 market location.

30 (e) Before a microbrewery may sell bottled beer at a qualifying
31 farmers market, the farmers market must apply to the board for
32 authorization for any microbrewery with an endorsement approved under
33 this subsection (7) to sell bottled beer at retail at the farmers
34 market. This application shall include, at a minimum: (i) A map of
35 the farmers market showing all booths, stalls, or other designated
36 locations at which an approved microbrewery may sell bottled beer; and
37 (ii) the name and contact information for the on-site market managers
38 who may be contacted by the board or its designee to verify the

1 locations at which bottled beer may be sold. Before authorizing a
2 qualifying farmers market to allow an approved microbrewery to sell
3 bottled beer at retail at its farmers market location, the board shall
4 notify the persons or entities of the application for authorization
5 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
6 this subsection (7)(e) may be withdrawn by the board for any violation
7 of this title or any rules adopted under this title.

8 (f) The board may adopt rules establishing the application and
9 approval process under this section and any additional rules necessary
10 to implement this section.

11 (g) For the purposes of this subsection (7):

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

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

19 (B) The total combined gross annual sales of vendors who are
20 farmers exceeds the total combined gross annual sales of vendors who
21 are processors or resellers;

22 (C) The total combined gross annual sales of vendors who are
23 farmers, processors, or resellers exceeds the total combined gross
24 annual sales of vendors who are not farmers, processors, or resellers;

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

27 (E) No vendor is a franchisee.

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

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

35 (iv) "Reseller" means a natural person who buys agricultural
36 products from a farmer and resells the products directly to the
37 consumer.

1 **Sec. 6.** RCW 66.24.244 and 2007 c 370 s 5 and 2007 c 222 s 2 are
2 each reenacted and amended to read as follows:

3 (1) There shall be a license for microbreweries; fee to be one
4 hundred dollars for production of less than sixty thousand barrels of
5 malt liquor, including strong beer, per year.

6 (2) Any microbrewery licensed under this section may also act as a
7 distributor and/or retailer for beer and strong beer of its own
8 production. Strong beer may not be sold at a farmers market or under
9 any endorsement which may authorize microbreweries to sell beer at
10 farmers markets. Any microbrewery operating as a distributor and/or
11 retailer under this subsection shall comply with the applicable laws
12 and rules relating to distributors and/or retailers. A microbrewery
13 holding a spirits, beer, and wine restaurant license may sell beer of
14 its own production for off-premises consumption from its restaurant
15 premises in kegs or in a sanitary container brought to the premises by
16 the purchaser or furnished by the licensee and filled at the tap by the
17 licensee at the time of sale.

18 (3) The board may issue a license allowing a microbrewery to
19 operate a spirits, beer, and wine restaurant under RCW 66.24.420.

20 (4) ~~((The board may issue a license to a microbrewery allowing for
21 on-premises consumption of beer, including strong beer, wine, or both
22 of other manufacture if purchased from a Washington state licensed
23 distributor. The microbrewer must determine, at the time the license
24 is issued, whether the licensed premises will be operated as a tavern
25 with persons under twenty one years of age not allowed as provided for
26 in RCW 66.24.330, or as a beer and/or wine restaurant as described in
27 RCW 66.24.320))~~ A microbrewery licensed under this section may hold up
28 to two retail licenses operated on or off-premise from the brewery for
29 a tavern, or a beer and/or wine restaurant, or a spirits, beer, and
30 wine restaurant.

31 (5) A microbrewery that holds a spirits, beer, and wine restaurant
32 license or a beer and/or wine restaurant license shall hold the same
33 privileges and endorsements as permitted under RCW 66.24.320 and
34 66.24.420.

35 (6) If the microbrewery licensee holds a separate license for a
36 spirits, beer, and wine restaurant or a beer and/or wine restaurant,
37 operated on the brewery premises, the licensee may hold a second retail

1 license for a spirits, beer, and wine restaurant or a beer and/or wine
2 restaurant, at a location separate from the licensed brewery premises.

3 (7)(a) A microbrewery licensed under this section may apply to the
4 board for an endorsement to sell bottled beer of its own production at
5 retail for off-premises consumption at a qualifying farmers market.
6 The annual fee for this endorsement is seventy-five dollars.

7 (b) For each month during which a microbrewery will sell beer at a
8 qualifying farmers market, the microbrewery must provide the board or
9 its designee a list of the dates, times, and locations at which bottled
10 beer may be offered for sale. This list must be received by the board
11 before the microbrewery may offer beer for sale at a qualifying farmers
12 market.

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

15 (d) Each approved location in a qualifying farmers market is deemed
16 to be part of the microbrewery license for the purpose of this title.
17 The approved locations under an endorsement granted under this
18 subsection (7) do not constitute the tasting or sampling privilege of
19 a microbrewery. The microbrewery may not store beer at a farmers
20 market beyond the hours that the microbrewery offers bottled beer for
21 sale. The microbrewery may not act as a distributor from a farmers
22 market location.

23 (e) Before a microbrewery may sell bottled beer at a qualifying
24 farmers market, the farmers market must apply to the board for
25 authorization for any microbrewery with an endorsement approved under
26 this subsection (7) to sell bottled beer at retail at the farmers
27 market. This application shall include, at a minimum: (i) A map of
28 the farmers market showing all booths, stalls, or other designated
29 locations at which an approved microbrewery may sell bottled beer; and
30 (ii) the name and contact information for the on-site market managers
31 who may be contacted by the board or its designee to verify the
32 locations at which bottled beer may be sold. Before authorizing a
33 qualifying farmers market to allow an approved microbrewery to sell
34 bottled beer at retail at its farmers market location, the board shall
35 notify the persons or entities of the application for authorization
36 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
37 this subsection (7)(e) may be withdrawn by the board for any violation
38 of this title or any rules adopted under this title.

1 (f) The board may adopt rules establishing the application and
2 approval process under this section and any additional rules necessary
3 to implement this section.

4 (g) For the purposes of this subsection (7):

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

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

12 (B) The total combined gross annual sales of vendors who are
13 farmers exceeds the total combined gross annual sales of vendors who
14 are processors or resellers;

15 (C) The total combined gross annual sales of vendors who are
16 farmers, processors, or resellers exceeds the total combined gross
17 annual sales of vendors who are not farmers, processors, or resellers;

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

20 (E) No vendor is a franchisee.

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

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

28 (iv) "Reseller" means a natural person who buys agricultural
29 products from a farmer and resells the products directly to the
30 consumer.

31 (8) Any microbrewery licensed under this section may
32 contract-produce beer for another microbrewer. This contract-
33 production is not a sale for the purposes of RCW 66.28.170 and
34 66.28.180.

35 **Sec. 7.** RCW 66.24.400 and 2007 c 370 s 13 and 2007 c 53 s 1 are
36 each reenacted and amended to read as follows:

37 (1) There shall be a retailer's license, to be known and designated

1 as a spirits, beer, and wine restaurant license, to sell spirituous
2 liquor by the individual glass, beer, and wine, at retail, for
3 consumption on the premises, including mixed drinks and cocktails
4 compounded or mixed on the premises only. A club licensed under
5 chapter 70.62 RCW with overnight sleeping accommodations, that is
6 licensed under this section may sell liquor by the bottle to registered
7 guests of the club for consumption in guest rooms, hospitality rooms,
8 or at banquets in the club. A patron of a bona fide restaurant or club
9 licensed under this section may remove from the premises recorked or
10 recapped in its original container any portion of wine which was
11 purchased for consumption with a meal, and registered guests who have
12 purchased liquor from the club by the bottle may remove from the
13 premises any unused portion of such liquor in its original container.
14 Such license may be issued only to bona fide restaurants and clubs, and
15 to dining, club and buffet cars on passenger trains, and to dining
16 places on passenger boats and airplanes, and to dining places at civic
17 centers with facilities for sports, entertainment, and conventions, and
18 to such other establishments operated and maintained primarily for the
19 benefit of tourists, vacationers and travelers as the board shall
20 determine are qualified to have, and in the discretion of the board
21 should have, a spirits, beer, and wine restaurant license under the
22 provisions and limitations of this title.

23 (2) The board may issue an endorsement to the spirits, beer, and
24 wine restaurant license that allows the holder of a spirits, beer, and
25 wine restaurant license to sell bottled wine for off-premises
26 consumption (~~(wine vinted and bottled in the state of Washington and~~
27 ~~carrying a label exclusive to the license holder selling the wine)~~).
28 Spirits and beer may not be sold for off-premises consumption under
29 this section except as provided in subsection (4) of this section. The
30 annual fee for the endorsement under this subsection is one hundred
31 twenty dollars.

32 (3) The holder of a spirits, beer, and wine license or its manager
33 may furnish beer, wine, or spirituous liquor to the licensee's
34 employees free of charge as may be required for use in connection with
35 instruction on beer, wine, or spirituous liquor. The instruction may
36 include the history, nature, values, and characteristics of beer, wine,
37 or spirituous liquor, the use of wine lists, and the methods of
38 presenting, serving, storing, and handling beer, wine, and spirituous

1 liquor. The spirits, beer, and wine restaurant licensee must use the
2 beer, wine, or spirituous liquor it obtains under its license for the
3 sampling as part of the instruction. The instruction must be given on
4 the premises of the spirits, beer, and wine restaurant licensee.

5 (4) The board may issue an endorsement to the spirits, beer, and
6 wine restaurant license that allows the holder of a spirits, beer, and
7 wine restaurant license to sell for off-premises consumption malt
8 liquor in kegs or other containers that are capable of holding four
9 gallons or more of liquid and are registered in accordance with RCW
10 66.28.200. The annual fee for the endorsement under this subsection is
11 one hundred twenty dollars.

12 **Sec. 8.** RCW 66.24.590 and 2007 c 370 s 11 are each amended to read
13 as follows:

14 (1) There shall be a retailer's license to be designated as a hotel
15 license. No license may be issued to a hotel offering rooms to its
16 guests on an hourly basis. Food service provided for room service,
17 banquets or conferences, or restaurant operation under this license
18 shall meet the requirements of rules adopted by the board.

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

20 (a) Sell spiritous liquor, beer, and wine, by the individual glass,
21 at retail, for consumption on the premises, including mixed drinks and
22 cocktails compounded and mixed on the premises(~~(, at dining places in~~
23 ~~the hotel))~~);

24 (b) Sell, at retail, from locked honor bars, in individual units,
25 spirits not to exceed fifty milliliters, beer in individual units not
26 to exceed twelve ounces, and wine in individual bottles not to exceed
27 three hundred eighty-five milliliters, to registered guests of the
28 hotel for consumption in guest rooms. The licensee shall require proof
29 of age from the guest renting a guest room and requesting the use of an
30 honor bar. The guest shall also execute an affidavit verifying that no
31 one under twenty-one years of age shall have access to the spirits,
32 beer, and wine in the honor bar;

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

1 (d) Sell beer, including strong beer, wine, or spirits, in the
2 manufacturer's sealed container or by the individual drink to guests
3 through room service, or through service to occupants of private
4 residential units managed by the hotel;

5 (e) Sell beer, including strong beer, or wine, in the
6 manufacturer's sealed container at retail sales locations within the
7 hotel premises;

8 (f) Sell for on or off-premises consumption, including through room
9 service and service to occupants of private residential units managed
10 by the hotel, wine carrying a label exclusive to the hotel license
11 holder;

12 (g) Place in guest rooms at check-in, a complimentary bottle of
13 beer, including strong beer, or wine in a manufacturer-sealed
14 container, and make a reference to this service in promotional
15 material.

16 (3) If all or any facilities for alcoholic beverage service and the
17 preparation, cooking, and serving of food are operated under contract
18 or joint venture agreement, the operator may hold a license separate
19 from the license held by the operator of the hotel. Food and beverage
20 inventory used in separate licensed operations at the hotel may not be
21 shared and shall be separately owned and stored by the separate
22 licensees.

23 (4) All spirits to be sold under this license must be purchased
24 from the board.

25 (5) All on-premise alcoholic beverage service must be done by an
26 alcohol server as defined in RCW 66.20.300 and must comply with RCW
27 66.20.310.

28 (6)(a) The hotel license allows the licensee to remove from the
29 liquor stocks at the licensed premises, liquor for sale and service at
30 event locations at a specified date and place not currently licensed by
31 the board. If the event is open to the public, it must be sponsored by
32 a society or organization as defined by RCW 66.24.375. If attendance
33 at the event is limited to members or invited guests of the sponsoring
34 individual, society, or organization, the requirement that the sponsor
35 must be a society or organization as defined by RCW 66.24.375 is
36 waived.

37 (b) The holder of this license shall, if requested by the board,
38 notify the board or its designee of the date, time, place, and location

1 of any event. Upon request, the licensee shall provide to the board
2 all necessary or requested information concerning the society or
3 organization that will be holding the function at which the endorsed
4 license will be utilized.

5 (c) Licensees may cater events on a domestic winery premises.

6 (7) The holder of this license or its manager may furnish spirits,
7 beer, or wine to the licensee's employees who are twenty-one years of
8 age or older free of charge as may be required for use in connection
9 with instruction on spirits, beer, and wine. The instruction may
10 include the history, nature, values, and characteristics of spirits,
11 beer, or wine, the use of wine lists, and the methods of presenting,
12 serving, storing, and handling spirits, beer, or wine. The licensee
13 must use the beer or wine it obtains under its license for the sampling
14 as part of the instruction. The instruction must be given on the
15 premises of the licensee.

16 (8) Minors may be allowed in all areas of the hotel where alcohol
17 may be consumed; however, the consumption must be incidental to the
18 primary use of the area. These areas include, but are not limited to,
19 tennis courts, hotel lobbies, and swimming pool areas. If an area is
20 not a mixed use area, and is primarily used for alcohol service, the
21 area must be designated and restricted to access by minors.

22 (9) The annual fee for this license is two thousand dollars.

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

25 **Sec. 9.** RCW 66.28.040 and 2004 c 160 s 11 are each amended to read
26 as follows:

27 Except as permitted by the board under RCW 66.20.010, no domestic
28 brewery, microbrewery, distributor, distiller, domestic winery,
29 importer, rectifier, certificate of approval holder, or other
30 manufacturer of liquor shall, within the state of Washington, give to
31 any person any liquor; but nothing in this section nor in RCW 66.28.010
32 shall prevent a domestic brewery, microbrewery, distributor, domestic
33 winery, distiller, certificate of approval holder, or importer from
34 furnishing samples of beer, wine, or spirituous liquor to authorized
35 licensees for the purpose of negotiating a sale, in accordance with
36 regulations adopted by the liquor control board, provided that the
37 samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210,

1 and in the case of spirituous liquor, any product used for samples must
2 be purchased at retail from the board; nothing in this section shall
3 prevent the furnishing of samples of liquor to the board for the
4 purpose of negotiating the sale of liquor to the state liquor control
5 board; nothing in this section shall prevent a domestic brewery,
6 microbrewery, domestic winery, distillery, certificate of approval
7 holder, or distributor from furnishing beer, wine, or spirituous liquor
8 for instructional purposes under RCW 66.28.150; nothing in this section
9 shall prevent a domestic winery, certificate of approval holder, or
10 distributor from furnishing wine without charge, subject to the taxes
11 imposed by RCW 66.24.210, to a not-for-profit group organized and
12 operated solely for the purpose of enology or the study of viticulture
13 which has been in existence for at least six months and that uses wine
14 so furnished solely for such educational purposes or a domestic winery,
15 or an out-of-state certificate of approval holder, from furnishing wine
16 without charge or a domestic brewery, or an out-of-state certificate of
17 approval holder, from furnishing beer without charge, subject to the
18 taxes imposed by RCW 66.24.210 or 66.24.290, to a nonprofit charitable
19 corporation or association exempt from taxation under section 501(c)(3)
20 or (6) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)
21 or (6)) for use consistent with the purpose or purposes entitling it to
22 such exemption; nothing in this section shall prevent a domestic
23 brewery or microbrewery from serving beer without charge, on the
24 brewery premises; nothing in this section shall prevent donations of
25 wine for the purposes of RCW 66.12.180; and nothing in this section
26 shall prevent a domestic winery from serving wine without charge, on
27 the winery premises.

28 NEW SECTION. **Sec. 10.** Sections 3 and 5 of this act expire June
29 30, 2008.

30 NEW SECTION. **Sec. 11.** Sections 4 and 6 of this act take effect
31 June 30, 2008.

32 NEW SECTION. **Sec. 12.** Sections 7 and 8 of this act take effect
33 July 1, 2008.

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