
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-0594.1/09

ATTY/TYPIST: AI:lel

BRIEF DESCRIPTION: Modifying beer and wine provisions.

1 AN ACT Relating to beer and wine; amending RCW 66.08.010,
2 66.08.030, 66.08.050, 66.08.060, 66.08.080, 66.24.170, 66.24.185,
3 66.24.360, 66.24.371, 66.28.010, 66.28.110, and 66.28.170; and
4 repealing RCW 66.28.180 and 66.28.190.

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

6 **Sec. 1.** RCW 66.08.010 and 1933 ex.s. c 62 s 2 are each amended to
7 read as follows:

8 The intent of this ((entire)) title ((shall be deemed an exercise
9 of the police power of the state, for the protection of)) is to protect
10 the welfare, health, ((peace, morals,)) and safety of the people of the
11 state((, and all its provisions shall be liberally construed for the
12 accomplishment of that purpose))from the effects of misuse of alcoholic
13 beverages, to secure to the people of the state the economic benefits
14 of lawful competition in the sale of alcoholic beverages, and to foster
15 trade and economic development in the licensed beverage industry. The
16 sale of liquor to minors and visibly intoxicated persons, and sale of
17 liquor without a license issued under this title, are violations of
18 this title, subject to the enforcement and penalties under chapter
19 66.44 RCW. Unless expressly prohibited by this title, operations

1 ancillary to the conduct of a business licensed under this title that
2 are consistent with other laws and trade practices conforming to the
3 general antitrust laws and to the general commercial law of sales are
4 permissible under this title.

5 **Sec. 2.** RCW 66.08.030 and 2002 c 119 s 2 are each amended to read
6 as follows:

7 (1) ~~((For the purpose of carrying into effect the provisions of~~
8 ~~this title according to their true intent or of supplying any~~
9 ~~deficiency therein,)) The board may make such regulations ((not
10 ~~inconsistent with the spirit of)) under this title as ~~((are deemed))~~
11 may be necessary or advisable to carry out the intent of this title.
12 All regulations so made shall be a public record and shall be filed in
13 the office of the code reviser(~~(, and thereupon shall have the same~~
14 ~~force and effect as if incorporated in this title. Such regulations,~~
15 ~~together with a copy of this title, shall be published in pamphlets and~~
16 ~~shall be distributed as directed by the board)).~~~~~~

17 (2) Without thereby limiting the generality of the provisions
18 contained in subsection (1), it is declared that the power of the board
19 to make regulations in the manner set out in that subsection shall
20 extend to:

21 (a) Regulating the equipment and management of stores and
22 warehouses in which state liquor is sold or kept, and prescribing the
23 books and records to be kept therein and the reports to be made thereon
24 to the board;

25 (b) Prescribing the duties of the employees of the board, and
26 regulating their conduct in the discharge of their duties;

27 (c) Governing the purchase of liquor by the state and the
28 furnishing of liquor to stores established under this title;

29 (d) Determining the classes, varieties, and brands of liquor to be
30 kept for sale at any store;

31 (e) Prescribing, subject to RCW 66.16.080, the hours during which
32 the state liquor stores shall be kept open for the sale of liquor;

33 (f) Providing for the issuing and distributing of price lists
34 showing the price to be paid by purchasers for each variety of liquor
35 kept for sale under this title;

36 (g) Prescribing an official seal and official labels and stamps and
37 determining the manner in which they shall be attached to every package

1 of liquor sold or sealed under this title, including the prescribing of
2 different official seals or different official labels for different
3 classes of liquor;

4 (h) Providing for the payment by the board in whole or in part of
5 the carrying charges on liquor shipped by freight or express;

6 (i) Prescribing forms to be used for purposes of this title or the
7 regulations, and the terms and conditions to be contained in permits
8 and licenses issued under this title, and the qualifications for
9 receiving a permit or license issued under this title, including a
10 criminal history record information check. The board may submit the
11 criminal history record information check to the Washington state
12 patrol and to the identification division of the federal bureau of
13 investigation in order that these agencies may search their records for
14 prior arrests and convictions of the individual or individuals who
15 filled out the forms. The board shall require fingerprinting of any
16 applicant whose criminal history record information check is submitted
17 to the federal bureau of investigation;

18 (j) Prescribing the fees payable in respect of permits and licenses
19 issued under this title for which no fees are prescribed in this title,
20 and prescribing the fees for anything done or permitted to be done
21 under the regulations;

22 (k) Prescribing the kinds and quantities of liquor which may be
23 kept on hand by the holder of a special permit for the purposes named
24 in the permit, regulating the manner in which the same shall be kept
25 and disposed of, and providing for the inspection of the same at any
26 time at the instance of the board;

27 (l) Regulating the sale of liquor kept by the holders of licenses
28 which entitle the holder to purchase and keep liquor for sale;

29 (m) Prescribing the records of purchases or sales of liquor kept by
30 the holders of licenses, and the reports to be made thereon to the
31 board, and providing for inspection of the records so kept;

32 (n) Prescribing the kinds and quantities of liquor for which a
33 prescription may be given, and the number of prescriptions which may be
34 given to the same patient within a stated period;

35 (o) Prescribing the manner of giving and serving notices required
36 by this title or the regulations, where not otherwise provided for in
37 this title;

1 (p) Regulating premises in which liquor is kept for export from the
2 state, or from which liquor is exported, prescribing the books and
3 records to be kept therein and the reports to be made thereon to the
4 board, and providing for the inspection of the premises and the books,
5 records and the liquor so kept;

6 (q) Prescribing the conditions and qualifications requisite for the
7 obtaining of club licenses and the books and records to be kept and the
8 returns to be made by clubs, prescribing the manner of licensing clubs
9 in any municipality or other locality, and providing for the inspection
10 of clubs;

11 (r) Prescribing the conditions, accommodations, and qualifications
12 requisite for the obtaining of licenses to sell beer and wines, and
13 regulating the sale of beer and wines thereunder;

14 (s) Specifying and regulating the time and periods when, and the
15 manner, methods, and means by which manufacturers shall deliver liquor
16 within the state; and the time and periods when, and the manner,
17 methods, and means by which liquor may lawfully be conveyed or carried
18 within the state;

19 (t) Providing for the making of returns by brewers of their sales
20 of beer shipped within the state, or from the state, showing the gross
21 amount of such sales and providing for the inspection of brewers' books
22 and records, and for the checking of the accuracy of any such returns;

23 (u) Providing for the making of returns by the wholesalers of beer
24 whose breweries are located beyond the boundaries of the state;

25 (v) Providing for the making of returns by any other liquor
26 manufacturers, showing the gross amount of liquor produced or
27 purchased, the amount sold within and exported from the state, and to
28 whom so sold or exported, and providing for the inspection of the
29 premises of any such liquor manufacturers, their books and records, and
30 for the checking of any such return;

31 (w) Providing for the giving of fidelity bonds by any or all of the
32 employees of the board: PROVIDED, That the premiums therefor shall be
33 paid by the board;

34 (x) Providing for the shipment by mail or common carrier of liquor
35 to any person holding a permit and residing in any unit which has, by
36 election pursuant to this title, prohibited the sale of liquor therein;

37 (y) Prescribing methods of manufacture, conditions, of sanitation,
38 standards of ingredients, quality, and identity of alcoholic beverages

1 manufactured, sold, bottled, or handled by licensees and the board; and
2 conducting from time to time, in the interest of the public health and
3 general welfare, scientific studies, and research relating to alcoholic
4 beverages and the use and effect thereof;

5 (z) Seizing, confiscating, and destroying all alcoholic beverages
6 manufactured, sold, or offered for sale within this state which do not
7 conform in all respects to the standards prescribed by this title or
8 the regulations of the board: PROVIDED, Nothing herein contained shall
9 be construed as authorizing the liquor board to prescribe, alter,
10 limit, or in any way change the present law as to the quantity or
11 percentage of alcohol used in the manufacturing of wine or other
12 alcoholic beverages.

13 **Sec. 3.** RCW 66.08.050 and 2005 c 151 s 3 are each amended to read
14 as follows:

15 The board, subject to the provisions of this title and the rules,
16 shall:

17 (1) Determine the localities within which state liquor stores shall
18 be established throughout the state, and the number and situation of
19 the stores within each locality;

20 (2) Appoint in cities and towns and other communities, in which no
21 state liquor store is located, contract liquor stores. In addition,
22 the board may appoint, in its discretion, a manufacturer that also
23 manufactures liquor products other than wine under a license under this
24 title, as a contract liquor store for the purpose of sale of liquor
25 products of its own manufacture on the licensed premises only. Such
26 contract liquor stores shall be authorized to sell liquor under the
27 guidelines provided by law, rule, or contract, and such contract liquor
28 stores shall be subject to such additional rules and regulations
29 consistent with this title as the board may require;

30 (3) Establish all necessary warehouses for the storing and
31 bottling, diluting and rectifying of stocks of liquors for the purposes
32 of this title;

33 (4) Provide for the leasing for periods not to exceed ten years of
34 all premises required for the conduct of the business; and for
35 remodeling the same, and the procuring of their furnishings, fixtures,
36 and supplies; and for obtaining options of renewal of such leases by

1 the lessee. The terms of such leases in all other respects shall be
2 subject to the direction of the board;

3 (5) Determine the nature, form, and capacity of all packages to be
4 used for containing liquor kept for sale under this title;

5 (6) Execute or cause to be executed, all contracts, papers, and
6 documents in the name of the board, under such regulations as the board
7 may fix;

8 (7) Pay all customs, duties, excises, charges, and obligations
9 whatsoever relating to the business of the board;

10 (8) Require bonds from all employees in the discretion of the
11 board, and to determine the amount of fidelity bond of each such
12 employee;

13 (9) Perform services for the state lottery commission to such
14 extent, and for such compensation, as may be mutually agreed upon
15 between the board and the commission;

16 (10) Accept and deposit into the general fund-local account and
17 disburse, subject to appropriation, federal grants or other funds or
18 donations from any source for the purpose of improving public awareness
19 of the health risks associated with alcohol consumption by youth and
20 the abuse of alcohol by adults in Washington state. The board's
21 alcohol awareness program shall cooperate with federal and state
22 agencies, interested organizations, and individuals to effect an active
23 public beverage alcohol awareness program;

24 (11) Perform all other matters and things, whether similar to the
25 foregoing or not, to carry out the provisions of this title, and shall
26 have full power to do each and every act necessary to the conduct of
27 its business, including all buying, selling, preparation, and approval
28 of forms, and every other function of the business whatsoever, subject
29 only to audit by the state auditor(~~(:—PROVIDED, That the board shall~~
30 ~~have no authority to regulate the content of spoken language on~~
31 ~~licensed premises where wine and other liquors are served and where~~
32 ~~there is not a clear and present danger of disorderly conduct being~~
33 ~~provoked by such language)).~~

34 **Sec. 4.** RCW 66.08.060 and 2005 c 231 s 3 are each amended to read
35 as follows:

36 ~~((1) The board shall not advertise liquor in any form or through~~
37 ~~any medium whatsoever.~~

1 ~~(2) In store liquor merchandising is not advertising for the~~
2 ~~purposes of this section.~~

3 ~~(3))~~ The board shall have power to adopt ~~((any and all))~~
4 reasonable rules as to the kind, character, and location of advertising
5 of liquor as are necessary to prevent advertising aimed at underage
6 persons or at promoting unlawful conduct. The board shall have no
7 authority to regulate the content of conduct on licensed premises
8 constituting speech within the meaning of the first amendment of the
9 United States constitution where there is not a clear and present
10 danger to public safety provoked by such speech.

11 **Sec. 5.** RCW 66.08.080 and 1994 c 154 s 313 are each amended to
12 read as follows:

13 ~~((Except as provided by))~~ Members and employees of the board shall
14 be subject to the provisions of chapter 42.52 RCW, ((no member of the
15 board and no employee of the board shall have any interest, directly or
16 indirectly, in the manufacture of liquor or in any liquor sold under
17 this title, or derive any profit or remuneration from the sale of
18 liquor, other than the salary or wages payable to him in respect of his
19 office or position, and shall receive no gratuity from any person in
20 connection with such business)) ethics in public service.

21 **Sec. 6.** RCW 66.24.170 and 2008 c 41 s 5 are each amended to read
22 as follows:

23 (1) There shall be a ~~((license for))~~ domestic ~~((wineries;))~~ winery
24 license to (a) produce wine within the state; (b) ready wine for sale;
25 (c) transfer wine among domestic winery licensees; and/or (d) sell wine
26 to consumers and licensees authorized to purchase for resale. The
27 license fee to ((be computed only on the liters manufactured;)) produce
28 or deal in (i) less than two hundred fifty thousand liters per
29 year((τ)) is one hundred dollars per year; and (ii) two hundred fifty
30 thousand liters or more per year((τ)) is four hundred dollars per year.

31 (2) The license allows for the manufacture of wine in Washington
32 state ~~((from grapes or other agricultural products))~~ and for purchase
33 of wine manufactured by others, for the purpose of cellar treatment,
34 aging, bottling, labeling, and/or sale. A domestic winery licensee may
35 provide to any other domestic winery licensee any service necessary or
36 convenient to the manufacture of wine or readying of wine for sale.

1 (3) Any domestic winery licensed under this section may also act as
2 a distributor and/or retailer of wine (~~(of its own production. Any~~
3 ~~domestic winery licensed under this section may act as a distributor of~~
4 ~~its own production)~~). Notwithstanding any language in this title to
5 the contrary, a domestic winery may use a common carrier to deliver up
6 to one hundred cases of its own production, in the aggregate, per month
7 to licensed Washington retailers. A domestic winery may not arrange
8 for any such common carrier shipments to licensed retailers of wine not
9 of its own production. Except as provided in this section, any winery
10 operating as a distributor and/or retailer under this subsection shall
11 comply with the applicable laws and rules relating to distributors
12 and/or retailers. Nothing in this title shall be construed to prevent
13 a winery or any person or persons owning an interest in a winery, if
14 otherwise qualified, from applying for and receiving any other retail
15 license issued by the board at the winery or any other location.

16 (4) A domestic winery licensed under this section(~~(, at locations~~
17 ~~separate from any of its production or manufacturing sites,)~~) may serve
18 samples of (~~(its own products)~~) wine, with or without charge, and sell
19 wine (~~(of its own production at retail, provided that: (a) Each)~~) for
20 on or off premises consumption at its licensed premises and at
21 additional locations (~~(has been)~~) as may be approved by the board under
22 RCW 66.24.010(~~(; (b) the total number of additional locations does not~~
23 ~~exceed two; (c) a winery may not act as a distributor at any such~~
24 ~~additional location; and (d) any person selling or serving wine at an~~
25 ~~additional location for on-premise consumption must obtain a class 12~~
26 ~~or class 13 alcohol server permit)~~). Each additional location is
27 deemed to be part of the winery license for the purpose of this title,
28 subject to all rules governing the conduct of winery premises.
29 Additional locations may be permanent or temporary and may exist in
30 connection with wine festivals and similar public events. At
31 additional locations operated by multiple wineries under this section,
32 if the board cannot connect a violation of RCW 66.44.200 or 66.44.270
33 to a single licensee, the board may hold all licensees operating the
34 additional location jointly liable. Nothing in this subsection shall
35 be construed to prevent a domestic winery from holding multiple
36 domestic winery licenses.

37 (5)(a) A domestic winery licensed under this section may (~~(apply to~~
38 ~~the board for an endorsement to)~~) sell wine (~~(of its own production)~~)

1 at retail for off-premises consumption at a qualifying farmers market,
2 subject to the requirements as to the source of the wine and as the
3 market may apply. ~~((The))~~ Before exercising the sales privilege, a
4 domestic winery must pay an additional annual license fee ~~((for this~~
5 ~~endorsement is))~~ of seventy-five dollars. ~~((An endorsement issued~~
6 ~~pursuant to this subsection does not count toward the two additional~~
7 ~~retail locations limit specified in this section.))~~

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

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

17 (d)) Each ~~((approved))~~ location in a qualifying farmers market is
18 deemed to be part of the winery license for the purpose of this title.
19 ~~((The approved locations under an endorsement granted under this~~
20 ~~subsection do not include the tasting or sampling privilege of a~~
21 ~~winery.))~~ The licensee may provide samples only in conformity with both
22 the rules of the farmers market and this title; the latter shall
23 control in the event of a conflict. The winery may not store wine at
24 a farmers market beyond the hours that the winery offers bottled wine
25 for sale without prior permission of the board. ~~((The winery may not~~
26 ~~act as a distributor from a farmers market location.~~

27 (e)) (c) Before a winery may sell bottled wine at a qualifying
28 farmers market, the farmers market must apply to the board for
29 authorization for ~~((any winery with an endorsement approved under this~~
30 ~~subsection to sell bottled wine at retail))~~ the sale at the farmers
31 market. This application shall include~~((, at a minimum))~~: (i) A map
32 of the farmers market showing all booths, stalls, or other designated
33 locations at which an approved winery may sell bottled wine; ~~((and))~~
34 (ii) the name and contact information for the on-site market managers
35 who may be contacted by the board or its designee to verify the
36 locations at which bottled wine may be sold; and (iii) other
37 information reasonably necessary to carry out the purposes of this
38 title. Before authorizing a qualifying farmers market ~~((to allow an~~

1 ~~approved winery to sell bottled~~) for the sale of wine ~~((at retail))~~ by
2 domestic wineries at its farmers market location, the board shall
3 notify the persons or entities of such application for authorization
4 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under
5 this subsection ~~((5)(e))~~ may be withdrawn by the board for any
6 violation of this title or any rules adopted under this title.

7 ~~((f))~~ (d) The board may adopt rules establishing ~~((the))~~
8 application ~~((and))~~, approval ~~((process))~~, and qualifying processes
9 under this section and such additional rules as may be necessary to
10 implement this section.

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

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 (6) Wine produced in Washington state by a domestic winery licensee
2 (~~may be~~) and shipped out-of-state for the purpose of making it into
3 sparkling wine (~~and then~~) or other cellar treatment may be returned
4 to such licensee (~~for resale. Such wine shall be deemed wine~~
5 ~~manufactured in the state of Washington for the purposes of~~) by a
6 winery located outside the state without a certificate of compliance
7 under RCW 66.24.206(~~, and shall not require a special license~~)).

8 **Sec. 7.** RCW 66.24.185 and 2008 c 41 s 4 are each amended to read
9 as follows:

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

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

21 ~~(3) All bottled wine shipped to a bonded wine warehouse from a~~
22 ~~winery or another bonded wine warehouse shall remain under bond and)~~

23 (2) No tax imposed under RCW 66.24.210 shall be due(~~, unless the~~
24 ~~wine is removed from bond and shipped to a licensed Washington wine~~
25 ~~distributor. Wine may be removed from a bonded wine warehouse only for~~
26 ~~the purpose of being (a) exported from the state, (b) shipped to a~~
27 ~~licensed Washington wine distributor, (c) returned to a winery or~~
28 ~~bonded wine warehouse, or [(d)] shipped to a consumer pursuant to RCW~~
29 ~~66.20.360 through 66.20.390~~) on wine by reason of its movement into or
30 out of a licensed wine warehouse.

31 (~~(4) Warehousing of wine by any person other than (a) a licensed~~
32 ~~domestic winery or a bonded wine warehouse licensed under the~~
33 ~~provisions of this section, (b) a licensed Washington wine distributor,~~
34 ~~(c) a licensed Washington wine importer, (d) a wine certificate of~~
35 ~~approval holder (W7), or (e) the liquor control board, is prohibited.~~

36 ~~(5))~~ (3) A license applicant (~~shall hold a federal permit for a~~
37 ~~bonded wine cellar and)~~) may be required to post a continuing wine tax

1 bond of such an amount and in such a form as may be required by the
2 board prior to the issuance of a bonded wine warehouse license. The
3 fee for this license shall be one hundred dollars per annum.

4 ~~((+6))~~ (4) The board shall adopt rules requiring a ~~((bonded))~~ wine
5 warehouse to be physically secure, zoned for the intended use and
6 physically separated from any other use.

7 ~~((+7))~~ (5) Every licensee shall submit to the board a monthly
8 report of movement of bottled wines to and from a ~~((bonded))~~ wine
9 warehouse in a form prescribed by the board. ~~((The board may adopt
10 other necessary procedures by which bonded wine warehouses are licensed
11 and regulated.~~

12 ~~(+8))~~ (6) Handling of bottled wine, as provided for in this
13 section, includes packaging ~~((and))~~ which includes, but is not limited
14 to, creating baskets or variety packs that may include nonwine
15 products; repackaging ((services)); ((bottle)) labeling ((services;
16 ~~creating baskets or variety packs that may or may not include nonwine
17 products; and)); transferring; consolidating; forwarding; delivering;
18 picking((τ)); packing((τ)); and shipping which includes, but is not
19 limited to, fulfilling wine orders ((direct)) directly to consumers.~~
20 A winery contracting with a ~~((bonded))~~ wine warehouse for handling
21 bottled wine must comply with all applicable state and federal laws and
22 shall be responsible for financial transactions in fulfillment of its
23 direct to consumer ((shipping activities)) orders.

24 **Sec. 8.** RCW 66.24.360 and 2007 c 226 s 2 are each amended to read
25 as follows:

26 There shall be a beer and/or wine retailer's license to be
27 designated as a grocery store license to sell beer, strong beer, and/or
28 wine at retail in bottles, cans, and original containers~~((τ)).~~ Beer or
29 wine sold to consumers shall not ((τ)) be consumed upon the premises
30 where sold((τ, at any store other than the state liquor stores)).
31 Licensees shall make reports to the board as required for beer or wine
32 sold to other licensees or transferred among different premises of the
33 same licensee.

34 (1) Licensees obtaining a written endorsement from the board may
35 also sell malt liquor in kegs or other containers capable of holding
36 less than five and one-half gallons of liquid.

1 (2) The annual fee for the grocery store license is one hundred
2 fifty dollars for each store.

3 (3) The board shall issue a restricted grocery store license
4 authorizing the licensee to sell beer and only table wine, if the board
5 finds upon issuance or renewal of the license that the sale of strong
6 beer or fortified wine would be against the public interest. In
7 determining the public interest, the board shall consider at least the
8 following factors:

9 (a) The likelihood that the applicant will sell strong beer or
10 fortified wine to persons who are intoxicated;

11 (b) Law enforcement problems in the vicinity of the applicant's
12 establishment that may arise from persons purchasing strong beer or
13 fortified wine at the establishment; and

14 (c) Whether the sale of strong beer or fortified wine would be
15 detrimental to or inconsistent with a government-operated or funded
16 alcohol treatment or detoxification program in the area.

17 If the board receives no evidence or objection that the sale of
18 strong beer or fortified wine would be against the public interest, it
19 shall issue or renew the license without restriction, as applicable.
20 The burden of establishing that the sale of strong beer or fortified
21 wine by the licensee would be against the public interest is on those
22 persons objecting.

23 (4) Licensees holding a grocery store license must maintain a
24 minimum three thousand dollar inventory of food products for human
25 consumption, not including pop, beer, strong beer, or wine.

26 (5) Upon approval by the board, the grocery store licensee may also
27 receive an endorsement to permit the international export of beer,
28 strong beer, and wine.

29 (a) Any beer, strong beer, or wine sold under this endorsement must
30 have been purchased from a licensed beer or wine distributor licensed
31 to do business within the state of Washington.

32 (b) Any beer, strong beer, and wine sold under this endorsement
33 must be intended for consumption outside the state of Washington and
34 the United States and appropriate records must be maintained by the
35 licensee.

36 (c) A holder of this special endorsement to the grocery store
37 license shall be considered not in violation of RCW 66.28.010.

1 (d) (~~Any beer, strong beer, or wine sold under this license must~~
2 ~~be sold at a price no less than the acquisition price paid by the~~
3 ~~holder of the license.~~

4 (e)) The annual cost of this endorsement is five hundred dollars
5 and is in addition to the license fees paid by the licensee for a
6 grocery store license.

7 (6) (~~A grocery store licensee holding a snack bar license under~~
8 ~~RCW 66.24.350 may receive an endorsement to allow the sale of~~
9 ~~confections containing more than one percent but not more than ten~~
10 ~~percent alcohol by weight to persons twenty one years of age or~~
11 ~~older.)) Licensees under this section may provide free or for a charge,
12 single serving samples of two ounces or less to customers for the
13 purpose of a sales promotion. Sampling activities of licensees under
14 this section are subject to RCW 66.24.371.~~

15 **Sec. 9.** RCW 66.24.371 and 2003 c 167 s 9 are each amended to read
16 as follows:

17 (1) There shall be a beer and/or wine retailer's license to be
18 designated as a beer and/or wine specialty shop license to sell beer,
19 strong beer, and/or wine at retail in bottles, cans, and original
20 containers, not to be consumed upon the premises where sold, at any
21 store other than the state liquor stores. Licensees obtaining a
22 written endorsement from the board may also sell malt liquor in kegs or
23 other containers capable of holding less than five and one-half gallons
24 of liquid. The annual fee for the beer and/or wine specialty shop
25 license is one hundred dollars for each store.

26 (2) Licensees under this section may provide, free or for a charge,
27 single-serving samples of two ounces or less to customers for the
28 purpose of sales promotion. Sampling activities of licensees under
29 this section are subject to RCW 66.28.010 and 66.28.040 (~~and the cost~~
30 ~~of sampling under this section may not be borne, directly or~~
31 ~~indirectly, by any manufacturer, importer, or distributor of liquor)).~~

32 (3) The board shall issue a restricted beer and/or wine specialty
33 shop license, authorizing the licensee to sell beer and only table
34 wine, if the board finds upon issuance or renewal of the license that
35 the sale of strong beer or fortified wine would be against the public
36 interest. In determining the public interest, the board shall consider
37 at least the following factors:

1 (a) The likelihood that the applicant will sell strong beer or
2 fortified wine to persons who are intoxicated;

3 (b) Law enforcement problems in the vicinity of the applicant's
4 establishment that may arise from persons purchasing strong beer or
5 fortified wine at the establishment; and

6 (c) Whether the sale of strong beer or fortified wine would be
7 detrimental to or inconsistent with a government-operated or funded
8 alcohol treatment or detoxification program in the area.

9 If the board receives no evidence or objection that the sale of
10 strong beer or fortified wine would be against the public interest, it
11 shall issue or renew the license without restriction, as applicable.
12 The burden of establishing that the sale of strong beer or fortified
13 wine by the licensee would be against the public interest is on those
14 persons objecting.

15 (4) Licensees holding a beer and/or wine specialty shop license
16 must maintain a minimum three thousand dollar wholesale inventory of
17 beer, strong beer, and/or wine.

18 **Sec. 10.** RCW 66.28.010 and 2008 c 94 s 5 are each amended to read
19 as follows:

20 (1)(a) (~~No manufacturer, importer, distributor, or authorized~~
21 ~~representative, or person financially interested, directly or~~
22 ~~indirectly, in such business~~) Except as provide in subsection (3) of
23 this section, no supplier, whether resident or nonresident, shall
24 ((have)) cause the exclusion, in whole or in part, of the product of a
25 competitor from trade in this state by means of (i) holding a retail
26 license or any financial interest, direct or indirect, in any licensed
27 retail business, ((unless)) (ii) ownership of or any interest in any of
28 the property upon which a licensed retail business conducts its
29 licensed business, or (iii) advancing moneys or money's worth to a
30 licensed retail business under an arrangement to bring about the
31 exclusion. Nothing in this section shall inhibit rendition of stocking
32 advice or sales efforts by any person, or the eligibility of any person
33 for any license, by reason of such person's financial interest in one
34 or more licensed businesses. Nothing in this section shall prevent
35 extension of ordinary commercial credit.

36 (b) Nothing in this section shall prohibit a licensed domestic
37 brewery or microbrewery licensed as a retailer pursuant to chapter

1 66.24 RCW and selling beer or wine at retail on the brewery premises,
2 or a domestic winery licensed as a retailer pursuant to chapter 66.24
3 RCW and selling beer or wine at retail on the winery premises from
4 declining to sell any product of any competitor.

5 (c) Nothing in this section shall prohibit a licensed distiller,
6 domestic brewery, microbrewery, domestic winery, or a lessee of a
7 licensed domestic brewer, microbrewery, or domestic winery, licensed as
8 a spirits, beer, and wine restaurant pursuant to chapter 66.24 RCW and
9 selling liquor at a spirits, beer, and wine restaurant premises on the
10 property on which the primary manufacturing facility or any additional
11 location of the licensed distiller, domestic brewer, microbrewery, or
12 domestic winery is located or on contiguous property owned or leased by
13 the licensed distiller, domestic brewer, microbrewery, or domestic
14 winery from declining to sell any product of any competitor.

15 (d) Until July 1, 2007, this section shall not apply to acts of, or
16 transactions with, a nonprofit statewide organization of microbreweries
17 formed for the purpose of promoting Washington's craft beer industry as
18 a trade association registered under section 501(c) of the internal
19 revenue code of 1986 holding a special occasion license that has
20 conducted no more than six beer festivals.

21 (e) Pursuant to rules adopted by the board, notwithstanding any
22 other provision of this section, suppliers may provide, and retail
23 licensees may accept, point of sale material and brand signs and the
24 services of building, rotating, and restocking case displays and stock
25 room inventories, price marking containers and case goods of their own
26 brands, rotating and rearranging can and bottle displays of their own
27 products, and performing other business services as the board may by
28 rule exempt from the operation of this section.

29 (2) "Financial interest," as used in this section, means any
30 transferable right of significant monetary value.

31 (3)(a) Notwithstanding any other provision of this section, a
32 winery, whether domestic or out-of-state, or any person financially
33 interested, directly or indirectly, in a business, whether resident or
34 nonresident, may hold a financial interest, direct or indirect, in any
35 licensed retail business or in any of the property upon which a
36 licensed retail business is located.

37 (b) Notwithstanding any other provision of this section, a licensed
38 retail business, or any person having a direct or indirect financial

1 interest therein, may provide services to suppliers and receive
2 compensation of commensurate value from suppliers or hold a financial
3 interest, direct or indirect, in a business that provides such services
4 for such compensation.

5 (c) No supplier shall give any rebate or make any concession to any
6 employee or agent of any licensed retail business in connection with
7 services authorized under this section that is not disclosed to the
8 management of the business, and no supplier shall request or knowingly
9 accept from any employee or agent of a licensed retail any rebate or
10 concession.

11 (4) This section does not apply if (a) the licensed the retail
12 business is owned by a corporation in which a manufacturer or importer
13 has no direct stock ownership and there are no interlocking officers
14 and directors, the retail license is held by a corporation that is not
15 owned directly or indirectly by a manufacturer or importer, the sales
16 of liquor are incidental to the primary activity of operating the
17 property as a hotel, alcoholic beverages produced by the manufacturer
18 or importer or their subsidiaries are not sold at the licensed
19 premises, and the board reviews the ownership and proposed method of
20 operation of all involved entities and determines that ((there will not
21 be an unacceptable level of control or undue influence over the
22 operation or the retail licensee; nor shall any manufacturer, importer,
23 distributor, or authorized representative own any of the property upon
24 which such licensed persons conduct their business; nor shall any such
25 licensed person, under any arrangement whatsoever, conduct his or her
26 business upon property in which any manufacturer, importer,
27 distributor, or authorized representative has any interest unless title
28 to that property is owned by a corporation in which a manufacturer has
29 no direct stock ownership and there are no interlocking officers or
30 directors, the retail license is held by a corporation that is not
31 owned directly or indirectly by the manufacturer, the sales of liquor
32 are incidental to the primary activity of operating the property either
33 as a hotel or as an amphitheater offering live musical and similar live
34 entertainment activities to the public, alcoholic beverages produced by
35 the manufacturer or any of its subsidiaries are not sold at the
36 licensed premises, and the board reviews the ownership and proposed
37 method of operation of all involved entities and determines that there
38 will not be an unacceptable level of control or undue influence over

1 ~~the operation of the retail licensee. Except as provided in subsection~~
2 ~~(3) of this section, no manufacturer, importer, distributor, or~~
3 ~~authorized representative shall advance moneys or moneys' worth to a~~
4 ~~licensed person under an arrangement, nor shall such licensed person~~
5 ~~receive, under an arrangement, an advance of moneys or moneys' worth.~~
6 ~~"Person" as used in this section only shall not include those state or~~
7 ~~federally chartered banks, state or federally chartered savings and~~
8 ~~loan associations, state or federally chartered mutual savings banks,~~
9 ~~or institutional investors which are)) exclusion of competing products~~
10 ~~will not harm the public interest; (b) the holder of an interest is a~~
11 ~~state or federally chartered bank, state or federally chartered savings~~
12 ~~and loan association, state or federally chartered mutual savings bank,~~
13 ~~or institutional investor which is not controlled directly or~~
14 ~~indirectly by a manufacturer, importer, distributor, or authorized~~
15 ~~representative as long as the bank, savings and loan association, or~~
16 ~~institutional investor does not influence or attempt to influence the~~
17 ~~purchasing practices of the retailer with respect to alcoholic~~
18 ~~beverages(.~~ ~~Except as otherwise provided in this section, no~~
19 ~~manufacturer, importer, distributor, or authorized representative shall~~
20 ~~be eligible to receive or hold a retail license under this title, nor~~
21 ~~shall such manufacturer, importer, distributor, or authorized~~
22 ~~representative sell at retail any liquor as herein defined. A~~
23 ~~corporation granted an exemption under this subsection may use debt~~
24 ~~instruments issued in connection with financing construction or~~
25 ~~operations of its facilities)); (c) the licensed retail business holds~~
26 ~~a license with a caterer's endorsement issued under RCW 66.24.320 or~~
27 ~~is operating on a domestic winery premises; (d) the supplier is an~~
28 ~~organization qualifying under RCW 66.24.375, formed for the purpose of~~
29 ~~constructing and operating a facility to promote Washington wines on~~
30 ~~the facility property or leasing all or any portion of the facility~~
31 ~~property to licensees on the facility property; (e) the licensed retail~~
32 ~~business is a bona fide charitable nonprofit society or association~~
33 ~~registered under section 501(c)(1) through 501(c)(10) of the internal~~
34 ~~revenue code of 1986 holding a special occasion license under RCW~~
35 ~~66.24.380; (f) the exclusion results from production by domestic~~
36 ~~wineries and retailers licensed under chapter 66.24 RCW, jointly and/or~~
37 ~~with regional, state, or local wine industry associations, of materials~~
38 ~~that contain information regarding retail licensees, domestic wineries,~~

1 and their products; (g) the exclusion results from listing by domestic
2 wineries and certificate of approval holders licensed under chapters
3 66.24 and 66.28 RCW on their internet web sites of information or links
4 related to retailers who sell their products or from listing by
5 retailers licensed under chapter 66.24 RCW on their internet web sites
6 information or links related to domestic wineries and certificate of
7 approval holders whose products such retailers sell; (h) the exclusion
8 results from identification of a winery or retail license on a wine
9 label displaying a mark owned or controlled by a retail licensee; (i)
10 the money's worth is performance of personal services conducted at a
11 licensed premises from time to time by a supplier for or on behalf of
12 a licensed retail business that are intended to inform or educate
13 consumers or enhance their knowledge or experience of the
14 manufacturer's products including, but not limited to, bottle signings,
15 winemaker dinners, tastings, and similar events, and are not a
16 condition for selling any of the supplier's products to that retail
17 licensee; (j) the money's worth is arrangement or facilitation of the
18 delivery of wine or beer by a supplier to a licensed retail business
19 via common carrier; or (k) the money's worth is services to a special
20 occasion licensee for installation of draft beer dispensing equipment,
21 advertising, pouring, or dispensing of beer or wine at a beer or wine
22 tasting exhibition or judging event. Omission from the exemptions
23 under this subsection of any particular transaction, relationship, or
24 status does not imply that it violates this section.

25 ~~((b) Nothing in this section shall prohibit a licensed domestic~~
26 ~~brewery or microbrewery from being licensed as a retailer pursuant to~~
27 ~~chapter 66.24 RCW for the purpose of selling beer or wine at retail on~~
28 ~~the brewery premises and at one additional off-site retail only~~
29 ~~location and nothing in this section shall prohibit a domestic winery~~
30 ~~from being licensed as a retailer pursuant to chapter 66.24 RCW for the~~
31 ~~purpose of selling beer or wine at retail on the winery premises. Such~~
32 ~~beer and wine so sold at retail shall be subject to the taxes imposed~~
33 ~~by RCW 66.24.290 and 66.24.210 and to reporting and bonding~~
34 ~~requirements as prescribed by regulations adopted by the board pursuant~~
35 ~~to chapter 34.05 RCW, and beer and wine that is not produced by the~~
36 ~~brewery or winery shall be purchased from a licensed beer or wine~~
37 ~~distributor. Nothing in this section shall prohibit a microbrewery~~
38 ~~holding a beer and/or wine restaurant license under RCW 66.24.320 from~~

1 holding the same privileges and endorsements attached to the beer
2 and/or wine restaurant license. Nothing in this section shall prohibit
3 a licensed craft distillery from selling spirits of its own production
4 under RCW 66.24.145.

5 (c) Nothing in this section shall prohibit a licensed distiller,
6 domestic brewery, microbrewery, domestic winery, or a lessee of a
7 licensed domestic brewer, microbrewery, or domestic winery, from being
8 licensed as a spirits, beer, and wine restaurant pursuant to chapter
9 66.24 RCW for the purpose of selling liquor at a spirits, beer, and
10 wine restaurant premises on the property on which the primary
11 manufacturing facility of the licensed distiller, domestic brewer,
12 microbrewery, or domestic winery is located or on contiguous property
13 owned or leased by the licensed distiller, domestic brewer,
14 microbrewery, or domestic winery as prescribed by rules adopted by the
15 board pursuant to chapter 34.05 RCW. Nothing in this section shall
16 prohibit a microbrewery holding a spirits, beer, and wine restaurant
17 license under RCW 66.24.420 from holding the same privileges and
18 endorsements attached to the spirits, beer, and wine restaurant
19 license. This section does not prohibit a brewery or microbrewery
20 holding a spirits, beer, and wine restaurant license or a beer and/or
21 wine license under chapter 66.24 RCW operated on the premises of the
22 brewery or microbrewery from holding a second retail only license at a
23 location separate from the premises of the brewery or microbrewery.

24 (d) Nothing in this section prohibits retail licensees with a
25 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from
26 operating on a domestic winery premises.

27 (e) Nothing in this section prohibits an organization qualifying
28 under RCW 66.24.375 formed for the purpose of constructing and
29 operating a facility to promote Washington wines from holding retail
30 licenses on the facility property or leasing all or any portion of such
31 facility property to a retail licensee on the facility property if the
32 members of the board of directors or officers of the board for the
33 organization include officers, directors, owners, or employees of a
34 licensed domestic winery. Financing for the construction of the
35 facility must include both public and private money.

36 (f) Nothing in this section prohibits a bona fide charitable
37 nonprofit society or association registered under section 501(c)(3) of
38 the internal revenue code, or a local wine industry association

1 ~~registered under section 501(c)(6) of the internal revenue code as it~~
2 ~~exists on July 22, 2007, and having an officer, director, owner, or~~
3 ~~employee of a licensed domestic winery or a wine certificate of~~
4 ~~approval holder on its board of directors from holding a special~~
5 ~~occasion license under RCW 66.24.380.~~

6 ~~(g)(i) Nothing in this section prohibits domestic wineries and~~
7 ~~retailers licensed under chapter 66.24 RCW from producing, jointly or~~
8 ~~together with regional, state, or local wine industry associations,~~
9 ~~brochures and materials promoting tourism in Washington state which~~
10 ~~contain information regarding retail licensees, domestic wineries, and~~
11 ~~their products.~~

12 ~~(ii) Nothing in this section prohibits: (A) Domestic wineries,~~
13 ~~domestic breweries, microbreweries, and certificate of approval holders~~
14 ~~licensed under this chapter from listing on their internet web sites~~
15 ~~information related to retailers who sell or promote their products,~~
16 ~~including direct links to the retailers' internet web sites; and (B)~~
17 ~~retailers licensed under this chapter from listing on their internet~~
18 ~~web sites information related to domestic wineries, domestic breweries,~~
19 ~~microbreweries, and certificate of approval holders whose products~~
20 ~~those retailers sell or promote, including direct links to the domestic~~
21 ~~wineries', domestic breweries', microbreweries', and certificate of~~
22 ~~approval holders' web sites.~~

23 ~~(h) Nothing in this section prohibits the performance of personal~~
24 ~~services offered from time to time by a domestic winery or certificate~~
25 ~~of approval holder licensed under RCW 66.24.206(1)(a) for or on behalf~~
26 ~~of a licensed retail business when the personal services are (i)~~
27 ~~conducted at a licensed premises, and (ii) intended to inform, educate,~~
28 ~~or enhance customers' knowledge or experience of the manufacturer's~~
29 ~~products. The performance of personal services may include~~
30 ~~participation and pouring at the premises of a retailer holding a~~
31 ~~spirits, beer, and wine restaurant license, a wine and/or beer~~
32 ~~restaurant license, or a specialty wine shop license; bottle signings;~~
33 ~~and other similar informational or educational activities. A domestic~~
34 ~~winery or certificate of approval holder is not obligated to perform~~
35 ~~any such personal services, and a retail licensee may not require a~~
36 ~~domestic winery or certificate of approval holder to conduct any~~
37 ~~personal service as a condition for selling any alcohol to the retail~~
38 ~~licensee. Except as provided in RCW 66.28.150, the cost of sampling~~

1 may not be borne, directly or indirectly, by any liquor manufacturer,
2 importer, or distributor. Nothing in this section prohibits domestic
3 wineries and retail licensees from identifying the wineries on private
4 labels authorized under RCW *66.24.400, 66.24.425, and 66.24.450.

5 (i) Until July 1, 2007, nothing in this section prohibits a
6 nonprofit statewide organization of microbreweries formed for the
7 purpose of promoting Washington's craft beer industry as a trade
8 association registered as a 501(c) with the internal revenue service
9 from holding a special occasion license to conduct up to six beer
10 festivals.

11 (j) Nothing in this section shall prohibit a manufacturer,
12 importer, or distributor from entering into an arrangement with any
13 holder of a sports/entertainment facility license or an affiliated
14 business for brand advertising at the licensed facility or promoting
15 events held at the sports entertainment facility as authorized under
16 RCW 66.24.570.

17 (2) Financial interest, direct or indirect, as used in this
18 section, shall include any interest, whether by stock ownership,
19 mortgage, lien, or through interlocking directors, or otherwise.
20 Pursuant to rules promulgated by the board in accordance with chapter
21 34.05 RCW manufacturers, distributors, and importers may perform, and
22 retailers may accept the service of building, rotating and restocking
23 case displays and stock room inventories; rotating and rearranging can
24 and bottle displays of their own products; provide point of sale
25 material and brand signs; price case goods of their own brands; and
26 perform such similar normal business services as the board may by
27 regulation prescribe.

28 (3)(a) This section does not prohibit a manufacturer, importer, or
29 distributor from providing services to a special occasion licensee for:
30 (i) Installation of draft beer dispensing equipment or advertising,
31 (ii) advertising, pouring, or dispensing of beer or wine at a beer or
32 wine tasting exhibition or judging event, or (iii) a special occasion
33 licensee from receiving any such services as may be provided by a
34 manufacturer, importer, or distributor. Nothing in this section shall
35 prohibit a retail licensee, or any person financially interested,
36 directly or indirectly, in such a retail licensee from having a
37 financial interest, direct or indirect, in a business which provides,
38 for a compensation commensurate in value to the services provided,

1 bottling, canning or other services to a manufacturer, so long as the
2 retail licensee or person interested therein has no direct financial
3 interest in or control of said manufacturer.

4 ~~(b) A person holding contractual rights to payment from selling a
5 liquor distributor's business and transferring the license shall not be
6 deemed to have a financial interest under this section if the person
7 (i) lacks any ownership in or control of the distributor, (ii) is not
8 employed by the distributor, and (iii) does not influence or attempt to
9 influence liquor purchases by retail liquor licensees from the
10 distributor.~~

11 ~~(c) The board shall adopt such rules as are deemed necessary to
12 carry out the purposes and provisions of subsections (1)(g) and (h) and
13 (3)(a) of this section in accordance with the administrative procedure
14 act, chapter 34.05 RCW.~~

15 ~~(4) A license issued under RCW 66.24.395 does not constitute a
16 retail license for the purposes of this section.~~

17 ~~(5) A public house license issued under RCW 66.24.580 does not
18 violate the provisions of this section as to a retailer having an
19 interest directly or indirectly in a liquor-licensed manufacturer.)~~

20 **Sec. 11.** RCW 66.28.110 and 1939 c 172 s 4 are each amended to read
21 as follows:

22 Every person producing, manufacturing, bottling, or distributing
23 wine shall put upon all packages a distinctive label such as will
24 provide the consumer with adequate information as to the identity and
25 quality of the product, the alcoholic content thereof, the net contents
26 of the package, the name or trade name of the producer, manufacturer,
27 or bottler thereof and such other information as the board may by
28 regulation prescribe.

29 **Sec. 12.** RCW 66.28.170 and 2004 c 160 s 17 are each amended to
30 read as follows:

31 ~~((It is unlawful for a))~~ The board may suspend or revoke the
32 certificate of approval of any manufacturer of wine or malt beverages
33 holding a certificate ~~((of approval))~~ issued under RCW 66.24.270 or
34 66.24.206 or the ~~((manufacturer's))~~ license of any brewery or domestic
35 winery, if the certificate holder or licensee, or its authorized
36 representative, ~~((a brewery, or a domestic winery to))~~ discriminates in

1 price in selling to any purchaser for resale in the state of Washington
2 in violation of the antitrust laws of the state or of the United
3 States.

4 NEW SECTION. **Sec. 13.** The following acts or parts of acts are
5 each repealed:

6 (1) RCW 66.28.180 (Price modification by certain persons, firms, or
7 corporations--Board notification and approval--Intent--Price posting--
8 Price filing, contracts, memoranda) and 2006 c 302 s 10 & 2005 c 274 s
9 327; and

10 (2) RCW 66.28.190 (Sales of nonliquor food and food ingredients)
11 and 2003 c 168 s 305, 1997 c 321 s 52, & 1988 c 50 s 1.

--- END ---