
SUBSTITUTE SENATE BILL 5834

State of Washington

61st Legislature

2009 Regular Session

By Senate Labor, Commerce & Consumer Protection (originally sponsored by Senators Kohl-Welles and Holmquist)

READ FIRST TIME 02/25/09.

1 AN ACT Relating to alcoholic beverage regulation; amending RCW
2 66.24.450, 66.24.452, 66.24.170, 66.28.010, 66.24.371, 66.28.200, and
3 15.89.070; reenacting and amending RCW 66.28.040; adding a new section
4 to chapter 66.24 RCW; and adding a new section to chapter 66.28 RCW.

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

6 **Sec. 1.** RCW 66.24.450 and 2001 c 199 s 1 are each amended to read
7 as follows:

8 (1) No club shall be entitled to a spirits, beer, and wine private
9 club license:

10 (a) Unless such private club has been in continuous operation for
11 at least one year immediately prior to the date of its application for
12 such license;

13 (b) Unless the private club premises be constructed and equipped,
14 conducted, managed, and operated to the satisfaction of the board and
15 in accordance with this title and the regulations made thereunder;

16 (c) Unless the board shall have determined pursuant to any
17 regulations made by it with respect to private clubs, that such private
18 club is a bona fide private club; it being the intent of this section
19 that license shall not be granted to a club which is, or has been,

1 primarily formed or activated to obtain a license to sell liquor, but
2 solely to a bona fide private club, where the sale of liquor is
3 incidental to the main purposes of the spirits, beer, and wine private
4 club, as defined in RCW 66.04.010(~~(+7)~~) (8).

5 (2) The annual fee for a spirits, beer, and wine private club
6 license, whether inside or outside of an incorporated city or town, is
7 seven hundred twenty dollars per year.

8 (3) The board may issue an endorsement to the spirits, beer, and
9 wine private club license that allows up to forty nonclub, member-
10 sponsored events using club liquor. Visitors and guests may attend
11 these events only by invitation of the sponsoring member or members.
12 These events may not be open to the general public. The fee for the
13 endorsement shall be an annual fee of nine hundred dollars. Upon the
14 board's request, the holder of the endorsement must provide the board
15 or the board's designee with the following information at least
16 seventy-two hours prior to the event: The date, time, and location of
17 the event; the name of the sponsor of the event; and a brief
18 description of the purpose of the event.

19 (4) The board may issue an endorsement to the spirits, beer, and
20 wine private club license that allows the holder of a spirits, beer,
21 and wine private club license to sell bottled wine for off-premises
22 consumption (~~((wine vinted and bottled in the state of Washington and
23 carrying a label exclusive to the license holder selling the wine))~~).
24 Spirits and beer may not be sold for off-premises consumption under
25 this section. The annual fee for the endorsement under this (~~chapter~~
26 ~~{section}~~) section is one hundred twenty dollars.

27 **Sec. 2.** RCW 66.24.452 and 2003 c 167 s 10 are each amended to read
28 as follows:

29 (1) There shall be a beer and wine license to be issued to a
30 private club for sale of beer, strong beer, and wine for on-premises
31 consumption.

32 (2) Beer, strong beer, and wine sold by the licensee may be on tap
33 or by open bottles or cans.

34 (3) The fee for the private club beer and wine license is one
35 hundred eighty dollars per year.

36 (4) The board may issue an endorsement to the private club beer and
37 wine license that allows the holder of a private club beer and wine

1 license to sell bottled wine for off-premises consumption (~~(wine vinted~~
2 ~~and bottled in the state of Washington and carrying a label exclusive~~
3 ~~to the license holder selling the wine)~~). Spirits, strong beer, and
4 beer may not be sold for off-premises consumption under this section.
5 The annual fee for the endorsement under this section is one hundred
6 twenty dollars.

7 **Sec. 3.** RCW 66.24.170 and 2008 c 41 s 5 are each amended to read
8 as follows:

9 (1) There shall be a license for domestic wineries; fee to be
10 computed only on the liters manufactured: Less than two hundred fifty
11 thousand liters per year, one hundred dollars per year; and two hundred
12 fifty thousand liters or more per year, four hundred dollars per year.

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

15 (3) Any domestic winery licensed under this section may also act as
16 a retailer of wine of its own production. Any domestic winery licensed
17 under this section may act as a distributor of its own production.
18 Notwithstanding any language in this title to the contrary, a domestic
19 winery may use a common carrier to deliver up to one hundred cases of
20 its own production, in the aggregate, per month to licensed Washington
21 retailers. A domestic winery may not arrange for any such common
22 carrier shipments to licensed retailers of wine not of its own
23 production. Except as provided in this section, any winery operating
24 as a distributor and/or retailer under this subsection shall comply
25 with the applicable laws and rules relating to distributors and/or
26 retailers, except that a winery operating as a distributor may maintain
27 a warehouse off the premises of the winery for the distribution of wine
28 of its own production provided that: (a) The warehouse has been
29 approved by the board under RCW 66.24.010; and (b) the number of
30 warehouses off the premises of the winery does not exceed one.

31 (4) A domestic winery licensed under this section, at locations
32 separate from any of its production or manufacturing sites, may serve
33 samples of its own products, with or without charge, and sell wine of
34 its own production at retail, provided that: (a) Each additional
35 location has been approved by the board under RCW 66.24.010; (b) the
36 total number of additional locations does not exceed two; (c) a winery
37 may not act as a distributor at any such additional location; and (d)

1 any person selling or serving wine at an additional location for on-
2 premise consumption must obtain a class 12 or class 13 alcohol server
3 permit. Each additional location is deemed to be part of the winery
4 license for the purpose of this title. At additional locations
5 operated by multiple wineries under this section, if the board cannot
6 connect a violation of RCW 66.44.200 or 66.44.270 to a single licensee,
7 the board may hold all licensees operating the additional location
8 jointly liable. Nothing in this subsection shall be construed to
9 prevent a domestic winery from holding multiple domestic winery
10 licenses.

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

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

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

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

33 (e) Before a winery may sell bottled wine at a qualifying farmers
34 market, the farmers market must apply to the board for authorization
35 for any winery with an endorsement approved under this subsection to
36 sell bottled wine at retail at the farmers market. This application
37 shall include, at a minimum: (i) A map of the farmers market showing
38 all booths, stalls, or other designated locations at which an approved

1 winery may sell bottled wine; and (ii) the name and contact information
2 for the on-site market managers who may be contacted by the board or
3 its designee to verify the locations at which bottled wine may be sold.
4 Before authorizing a qualifying farmers market to allow an approved
5 winery to sell bottled wine at retail at its farmers market location,
6 the board shall notify the persons or entities of such application for
7 authorization pursuant to RCW 66.24.010 (8) and (9). An authorization
8 granted under this subsection (5)(e) may be withdrawn by the board for
9 any violation of this title or any rules adopted under this title.

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

13 (g) For the purposes of this subsection:

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

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

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

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

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

29 (E) No vendor is a franchisee.

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

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

37 (iv) "Reseller" means a natural person who buys agricultural

1 products from a farmer and resells the products directly to the
2 consumer.

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

8 **Sec. 4.** RCW 66.28.010 and 2008 c 94 s 5 are each amended to read
9 as follows:

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

1 manufacturer or any of its subsidiaries are not sold at the licensed
2 premises, and the board reviews the ownership and proposed method of
3 operation of all involved entities and determines that there will not
4 be an unacceptable level of control or undue influence over the
5 operation of the retail licensee. Except as provided in subsection (3)
6 of this section, no manufacturer, importer, distributor, or authorized
7 representative shall advance moneys or moneys' worth to a licensed
8 person under an arrangement, nor shall such licensed person receive,
9 under an arrangement, an advance of moneys or moneys' worth. "Person"
10 as used in this section only shall not include those state or federally
11 chartered banks, state or federally chartered savings and loan
12 associations, state or federally chartered mutual savings banks, or
13 institutional investors which are not controlled directly or indirectly
14 by a manufacturer, importer, distributor, or authorized representative
15 as long as the bank, savings and loan association, or institutional
16 investor does not influence or attempt to influence the purchasing
17 practices of the retailer with respect to alcoholic beverages. Except
18 as otherwise provided in this section, no manufacturer, importer,
19 distributor, or authorized representative shall be eligible to receive
20 or hold a retail license under this title, nor shall such manufacturer,
21 importer, distributor, or authorized representative sell at retail any
22 liquor as herein defined. A corporation granted an exemption under
23 this subsection may use debt instruments issued in connection with
24 financing construction or operations of its facilities.

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, a special
33 occasion license, or a private club license; bottle signings; and other
34 similar informational or educational activities. A domestic winery or
35 certificate of approval holder is not obligated to perform any such
36 personal services, and a retail licensee may not require a domestic
37 winery or certificate of approval holder to conduct any personal
38 service as a condition for selling any alcohol to the retail licensee.

1 Except as provided in RCW 66.28.150, the cost of sampling may not be
2 borne, directly or indirectly, by any liquor manufacturer, importer, or
3 distributor. Nothing in this section prohibits domestic wineries and
4 retail licensees from identifying the wineries on private labels
5 authorized under RCW 66.24.400, 66.24.425, ~~((and))~~ 66.24.450,
6 66.24.360, and 66.24.371.

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

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

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

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

1 financial interest, direct or indirect, in a business which provides,
2 for a compensation commensurate in value to the services provided,
3 bottling, canning or other services to a manufacturer, so long as the
4 retail licensee or person interested therein has no direct financial
5 interest in or control of said manufacturer.

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

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

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

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

22 **Sec. 5.** RCW 66.24.371 and 2003 c 167 s 9 are each amended to read
23 as follows:

24 (1) There shall be a beer and/or wine retailer's license to be
25 designated as a beer and/or wine specialty shop license to sell beer,
26 strong beer, and/or wine at retail in bottles, cans, and original
27 containers, not to be consumed upon the premises where sold, at any
28 store other than the state liquor stores. Licensees obtaining a
29 written endorsement from the board may also sell malt liquor in kegs or
30 other containers capable of holding (~~less than five and one-half~~)
31 four gallons or more of liquid. The annual fee for the beer and/or
32 wine specialty shop license is one hundred dollars for each store. The
33 sale of any container holding four gallons or more must comply with RCW
34 66.28.200 and 66.28.220.

35 (2) Licensees under this section may provide, free or for a charge,
36 single-serving samples of two ounces or less to customers for the
37 purpose of sales promotion. Sampling activities of licensees under

1 this section are subject to RCW 66.28.010 and 66.28.040 and the cost of
2 sampling under this section may not be borne, directly or indirectly,
3 by any manufacturer, importer, or distributor of liquor.

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

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

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

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

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

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

27 **Sec. 6.** RCW 66.28.200 and 2007 c 53 s 2 are each amended to read
28 as follows:

29 (1) Licensees holding a beer and/or wine restaurant or a tavern
30 license in combination with an off-premises beer and wine retailer's
31 license (~~(or)~~), licensees holding a spirits, beer, and wine restaurant
32 license with an endorsement issued under RCW 66.24.400(4), and
33 licensees holding a beer and/or wine specialty shop license with an
34 endorsement issued under RCW 66.24.371(1) may sell malt liquor in kegs
35 or other containers capable of holding four gallons or more of liquid.
36 Under a special endorsement from the board, a grocery store licensee
37 may sell malt liquor in containers no larger than five and one-half

1 gallons. The sale of any container holding four gallons or more must
2 comply with the provisions of this section and RCW 66.28.210 through
3 66.28.240.

4 (2) Any person who sells or offers for sale the contents of kegs or
5 other containers containing four gallons or more of malt liquor, or
6 leases kegs or other containers that will hold four gallons of malt
7 liquor, to consumers who are not licensed under chapter 66.24 RCW shall
8 do the following for any transaction involving the container:

9 (a) Require the purchaser of the malt liquor to sign a declaration
10 and receipt for the keg or other container or beverage in substantially
11 the form provided in RCW 66.28.220;

12 (b) Require the purchaser to provide one piece of identification
13 pursuant to RCW 66.16.040;

14 (c) Require the purchaser to sign a sworn statement, under penalty
15 of perjury, that:

16 (i) The purchaser is of legal age to purchase, possess, or use malt
17 liquor;

18 (ii) The purchaser will not allow any person under the age of
19 twenty-one years to consume the beverage except as provided by RCW
20 66.44.270;

21 (iii) The purchaser will not remove, obliterate, or allow to be
22 removed or obliterated, the identification required under RCW 66.28.220
23 to be affixed to the container;

24 (d) Require the purchaser to state the particular address where the
25 malt liquor will be consumed, or the particular address where the keg
26 or other container will be physically located; and

27 (e) Require the purchaser to maintain a copy of the declaration and
28 receipt next to or adjacent to the keg or other container, in no event
29 a distance greater than five feet, and visible without a physical
30 barrier from the keg, during the time that the keg or other container
31 is in the purchaser's possession or control.

32 (3) A violation of this section is a gross misdemeanor.

33 **Sec. 7.** RCW 66.28.040 and 2008 c 94 s 6 and 2008 c 41 s 12 are
34 each reenacted and amended to read as follows:

35 Except as permitted by the board under RCW 66.20.010, no domestic
36 brewery, microbrewery, distributor, distiller, domestic winery,
37 importer, rectifier, certificate of approval holder, or other

1 manufacturer of liquor shall, within the state of Washington, give to
2 any person any liquor; but nothing in this section nor in RCW 66.28.010
3 shall prevent a domestic brewery, microbrewery, distributor, domestic
4 winery, distiller, certificate of approval holder, or importer from
5 furnishing samples of beer, wine, or spirituous liquor to authorized
6 licensees for the purpose of negotiating a sale, in accordance with
7 regulations adopted by the liquor control board, provided that the
8 samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210,
9 and in the case of spirituous liquor, any product used for samples must
10 be purchased at retail from the board; nothing in this section shall
11 prevent the furnishing of samples of liquor to the board for the
12 purpose of negotiating the sale of liquor to the state liquor control
13 board; nothing in this section shall prevent a domestic brewery,
14 microbrewery, domestic winery, distillery, certificate of approval
15 holder, or distributor from furnishing beer, wine, or spirituous liquor
16 for instructional purposes under RCW 66.28.150; nothing in this section
17 shall prevent a domestic winery, certificate of approval holder, or
18 distributor from furnishing wine without charge, subject to the taxes
19 imposed by RCW 66.24.210, to a not-for-profit group organized and
20 operated solely for the purpose of enology or the study of viticulture
21 which has been in existence for at least six months and that uses wine
22 so furnished solely for such educational purposes or a domestic winery,
23 or an out-of-state certificate of approval holder, from furnishing wine
24 without charge or a domestic brewery, or an out-of-state certificate of
25 approval holder, from furnishing beer without charge, subject to the
26 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller
27 licensed under RCW 66.24.140 or an accredited representative of a
28 distiller, manufacturer, importer, or distributor of spirituous liquor
29 licensed under RCW 66.24.310, from furnishing spirits without charge,
30 to a nonprofit charitable corporation or association exempt from
31 taxation under section 501(c)(3) or (6) of the internal revenue code of
32 1986 (26 U.S.C. Sec. 501(c)(3) or (6)) for use consistent with the
33 purpose or purposes entitling it to such exemption; nothing in this
34 section shall prevent a domestic brewery or microbrewery from serving
35 beer without charge, on the brewery premises; nothing in this section
36 shall prevent donations of wine for the purposes of RCW 66.12.180;
37 nothing in this section shall prevent a domestic winery from serving

1 wine without charge, on the winery premises; and nothing in this
2 section shall prevent a craft distillery from serving spirits without
3 charge, on the distillery premises subject to RCW 66.24.145.

4 **Sec. 8.** RCW 15.89.070 and 2007 c 211 s 1 are each amended to read
5 as follows:

6 The commission shall:

7 (1) Elect a chair and officers. The officers must include a
8 treasurer who is responsible for all receipts and disbursements by the
9 commission and the faithful discharge of whose duties shall be
10 guaranteed by a bond at the sole expense of the commission. The
11 commission must adopt rules for its own governance that provide for the
12 holding of an annual meeting for the election of officers and the
13 transaction of other business and for other meetings the commission may
14 direct;

15 (2) Do all things reasonably necessary to effect the purposes of
16 this chapter. However, the commission has no rule-making power except
17 as provided in this chapter;

18 (3) Employ and discharge managers, secretaries, agents, attorneys,
19 and employees and engage the services of independent contractors;

20 (4) Retain, as necessary, the services of private legal counsel to
21 conduct legal actions on behalf of the commission. The retention of a
22 private attorney is subject to review by the office of the attorney
23 general;

24 (5) Receive donations of beer from producers for promotional
25 purposes under subsections (6) and (7) of this section and for fund-
26 raising purposes under subsection (8) of this section. Donations of
27 beer for promotional purposes may only be disseminated without charge;

28 (6) Engage directly or indirectly in the promotion of Washington
29 beer, including, without limitation, the acquisition in any lawful
30 manner and the dissemination without charge of beer. This
31 dissemination is not deemed a sale for any purpose and the commission
32 is not deemed a producer, supplier, or manufacturer, or the clerk,
33 servant, or agent of a producer, supplier, distributor, or
34 manufacturer. This dissemination without charge shall be for
35 agricultural development or trade promotion, and not for fund-raising
36 purposes under subsection (8) of this section. Dissemination for
37 promotional purposes may include promotional hosting and must in the

1 good faith judgment of the commission be in the aid of the marketing,
2 advertising, sale of beer, or of research related to such marketing,
3 advertising, or sale;

4 (7) Promote Washington beer by conducting unique beer tastings
5 without charge;

6 (8) Beginning July 1, 2007, fund the Washington beer commission
7 through sponsorship of up to twelve beer festivals annually at which
8 beer may be sold to festival participants. For this purpose, the
9 commission would qualify for issue of a special occasion license as an
10 exception to WAC 314-05-020 but must comply with laws under Title 66
11 RCW and rules adopted by the liquor control board under which such
12 events may be conducted;

13 (9) Participate in international, federal, state, and local
14 hearings, meetings, and other proceedings relating to the production,
15 regulation, distribution, sale, or use of beer including activities
16 authorized under RCW 42.17.190, including the reporting of those
17 activities to the public disclosure commission;

18 (10) Acquire and transfer personal and real property, establish
19 offices, incur expenses, and enter into contracts, including contracts
20 for the creation and printing of promotional literature. The contracts
21 are not subject to chapter 43.78 RCW, and are cancelable by the
22 commission unless performed under conditions of employment that
23 substantially conform to the laws of this state and the rules of the
24 department of labor and industries. The commission may create debt and
25 other liabilities that are reasonable for proper discharge of its
26 duties under this chapter;

27 (11) Maintain accounts with one or more qualified public
28 depositories as the commission may direct, for the deposit of money,
29 and expend money for purposes authorized by this chapter by drafts made
30 by the commission upon such institutions or by other means;

31 (12) Cause to be kept and annually closed, in accordance with
32 generally accepted accounting principles, accurate records of all
33 receipts, disbursements, and other financial transactions, available
34 for audit by the state auditor;

35 (13) Create and maintain a list of producers and disseminate
36 information among and solicit the opinions of producers with respect to
37 the discharge of the duties of the commission, directly or by
38 arrangement with trade associations or other instrumentalities;

1 (14) Employ, designate as an agent, act in concert with, and enter
2 into contracts with any person, council, commission, or other entity to
3 promote the general welfare of the beer industry and particularly to
4 assist in the sale and distribution of Washington beer in domestic and
5 foreign commerce. The commission shall expend money necessary or
6 advisable for this purpose and to pay its proportionate share of the
7 cost of any program providing direct or indirect assistance to the sale
8 and distribution of Washington beer in domestic or foreign commerce,
9 employing and paying for vendors of professional services of all kinds;

10 (15) Sue and be sued as a commission, without individual liability
11 for acts of the commission within the scope of the powers conferred
12 upon it by this chapter;

13 (16) Serve as liaison with the liquor control board on behalf of
14 the commission and not for any individual producer;

15 (17) (~~Until July 1, 2009,~~) Receive such gifts, grants, and
16 endowments from public or private sources as may be made from time to
17 time, in trust or otherwise, for the use and benefit of the purposes of
18 the commission and expend the same or any income therefrom according to
19 the terms of the gifts, grants, or endowments.

20 NEW SECTION. **Sec. 9.** A new section is added to chapter 66.24 RCW
21 to read as follows:

22 Wine may be transferred from one licensed location to another
23 licensed location so long as both locations are under common ownership.
24 A licensed site may transfer up to a total of twenty cases of wine per
25 calendar year.

26 NEW SECTION. **Sec. 10.** A new section is added to chapter 66.28 RCW
27 to read as follows:

28 Nothing in this chapter prohibits the use of checks, credit or
29 debit cards, prepaid accounts, electronic funds transfers, and other
30 similar methods as approved by the board, as cash payments for purposes
31 of this title. Electronic fund transfers must be: (1) Voluntary; (2)
32 conducted pursuant to a prior written agreement of the parties that
33 includes a provision that the purchase be initiated by an irrevocable
34 invoice or sale order before the time of delivery; (3) initiated by the
35 retailer, manufacturer, importer, or distributor no later than the

1 first business day following delivery; and (4) completed as promptly as
2 is reasonably practical, and in no event, later than five business days
3 following delivery.

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