
HOUSE BILL 2573

State of Washington

65th Legislature

2018 Regular Session

By Representatives Kloba, Sawyer, Reeves, and Springer

1 AN ACT Relating to alcohol server permits; amending RCW 66.24.170
2 and 66.24.244; and reenacting and amending RCW 66.24.240.

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

4 **Sec. 1.** RCW 66.24.170 and 2017 c 238 s 1 are each amended to
5 read as follows:

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

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

12 (3) Any domestic winery licensed under this section may also act
13 as a retailer of wine of its own production. Any domestic winery
14 licensed under this section may act as a distributor of its own
15 production. Notwithstanding any language in this title to the
16 contrary, a domestic winery may use a common carrier to deliver up to
17 one hundred cases of its own production, in the aggregate, per month
18 to licensed Washington retailers. A domestic winery may not arrange
19 for any such common carrier shipments to licensed retailers of wine
20 not of its own production. Except as provided in this section, any
21 winery operating as a distributor and/or retailer under this

1 subsection must comply with the applicable laws and rules relating to
2 distributors and/or retailers, except that a winery operating as a
3 distributor may maintain a warehouse off the premises of the winery
4 for the distribution of wine of its own production provided that: (a)
5 The warehouse has been approved by the board under RCW 66.24.010; and
6 (b) the number of warehouses off the premises of the winery does not
7 exceed one. Any person selling or serving wine at a domestic winery
8 for on-premises consumption must obtain a class 12 or class 13
9 alcohol server permit.

10 (4) A domestic winery licensed under this section, at locations
11 separate from any of its production or manufacturing sites, may serve
12 samples of its own products, with or without charge, may sell wine of
13 its own production at retail, and may sell for off-premises
14 consumption wines of its own production in kegs or sanitary
15 containers meeting the applicable requirements of federal law brought
16 to the premises by the purchaser or furnished by the licensee and
17 filled at the tap at the time of sale, provided that: (a) Each
18 additional location has been approved by the board under RCW
19 66.24.010; (b) the total number of additional locations does not
20 exceed four; (c) a winery may not act as a distributor at any such
21 additional location; and (d) any person selling or serving wine at an
22 additional location for on-premises consumption must obtain a class
23 12 or class 13 alcohol server permit. Each additional location is
24 deemed to be part of the winery license for the purpose of this
25 title. At additional locations operated by multiple wineries under
26 this section, if the board cannot connect a violation of RCW
27 66.44.200 or 66.44.270 to a single licensee, the board may hold all
28 licensees operating the additional location jointly liable. Nothing
29 in this subsection may be construed to prevent a domestic winery from
30 holding multiple domestic winery licenses.

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

37 (b) For each month during which a domestic winery will sell wine
38 at a qualifying farmers market, the winery must provide the board or
39 its designee a list of the dates, times, and locations at which
40 bottled wine may be offered for sale. This list must be received by

1 the board before the winery may offer wine for sale at a qualifying
2 farmers market.

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

6 (d) Each approved location in a qualifying farmers market is
7 deemed to be part of the winery license for the purpose of this
8 title. The approved locations under an endorsement granted under this
9 subsection include tasting or sampling privileges subject to the
10 conditions pursuant to RCW 66.24.175. The winery may not store wine
11 at a farmers market beyond the hours that the winery offers bottled
12 wine for sale. The winery may not act as a distributor from a farmers
13 market location.

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

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

33 (g) For the purposes of this subsection:

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

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

1 (B) The total combined gross annual sales of vendors who are
2 farmers exceeds the total combined gross annual sales of vendors who
3 are processors or resellers. However, if a farmers market does not
4 satisfy this subsection (5)(g)(i)(B), a farmers market is still
5 considered a "qualifying farmers market" if the total combined gross
6 annual sales of farmers and processors at the farmers market is one
7 million dollars or more;

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

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

14 (E) No vendor is a franchisee.

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

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

23 (iv) "Reseller" means a natural person who buys agricultural
24 products from a farmer and resells the products directly to the
25 consumer.

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

32 (7) During an event held by a nonprofit holding a special
33 occasion license issued under RCW 66.24.380, a domestic winery
34 licensed under this section may take orders, either in writing or
35 electronically, and accept payment for wines of its own production
36 under the following conditions:

37 (a) Wine produced by the domestic winery may be served for on-
38 premises consumption by the special occasion licensee;

39 (b) The domestic winery delivers wine to the consumer on a date
40 after the conclusion of the special occasion event;

1 (c) The domestic winery delivers wine to the consumer at a
2 location different from the location at which the special occasion
3 event is held;

4 (d) The domestic winery complies with all requirements in chapter
5 66.20 RCW for direct sale of wine to consumers;

6 (e) The wine is not sold for resale; and

7 (f) The domestic winery is entitled to all proceeds from the sale
8 and delivery of its wine to a consumer after the conclusion of the
9 special occasion event, but may enter into an agreement to share a
10 portion of the proceeds of these sales with the special occasion
11 licensee licensed under RCW 66.24.380.

12 **Sec. 2.** RCW 66.24.240 and 2011 c 195 s 6 and 2011 c 119 s 212
13 are each reenacted and amended to read as follows:

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

17 (2) Any domestic brewery, except for a brand owner of malt
18 beverages under RCW 66.04.010(7), licensed under this section may
19 also act as a distributor and/or retailer for beer of its own
20 production. Any domestic brewery operating as a distributor and/or
21 retailer under this subsection shall comply with the applicable laws
22 and rules relating to distributors and/or retailers. Any person
23 selling or serving beer at a domestic brewery for on-premises
24 consumption must obtain a class 12 or class 13 alcohol server permit.
25 A domestic brewery holding a spirits, beer, and wine restaurant
26 license may sell beer of its own production for off-premises
27 consumption from its restaurant premises in kegs or in a sanitary
28 container brought to the premises by the purchaser or furnished by
29 the licensee and filled at the tap by the licensee at the time of
30 sale.

31 (3) Any domestic brewery licensed under this section may also
32 sell beer produced by another domestic brewery or a microbrewery for
33 on and off-premises consumption from its premises as long as the
34 other breweries' brands do not exceed twenty-five percent of the
35 domestic brewery's on-tap offering of its own brands.

36 (4) A domestic brewery may hold up to two retail licenses to
37 operate an on or (~~off-premise~~ ~~[off-premises]~~) off-premises tavern,
38 beer and/or wine restaurant, or spirits, beer, and wine restaurant.
39 This retail license is separate from the brewery license. A brewery

1 that holds a tavern license, a spirits, beer, and wine restaurant
2 license, or a beer and/or wine restaurant license shall hold the same
3 privileges and endorsements as permitted under RCW 66.24.320,
4 66.24.330, and 66.24.420.

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

9 (6)(a) A domestic brewery licensed under this section and
10 qualified for a reduced rate of taxation pursuant to RCW
11 66.24.290(3)(b) may apply to the board for an endorsement to sell
12 bottled beer of its own production at retail for off-premises
13 consumption at a qualifying farmers market. The annual fee for this
14 endorsement is seventy-five dollars.

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

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

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

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

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

8 (f) The board may adopt rules establishing the application and
9 approval process under this section and such additional rules as may
10 be necessary to 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
16 following 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
25 resellers;

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

28 (E) No vendor is a franchisee.

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

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

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

1 **Sec. 3.** RCW 66.24.244 and 2015 c 42 s 1 are each amended to read
2 as follows:

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

6 (2)(a) Any microbrewery licensed under this section may also act
7 as a distributor and/or retailer for beer and strong beer of its own
8 production.

9 (b) Any microbrewery operating as a distributor and/or retailer
10 under this subsection must comply with the applicable laws and rules
11 relating to distributors and/or retailers, except that a microbrewery
12 operating as a distributor may maintain a warehouse off the premises
13 of the microbrewery for the distribution of beer provided that:

14 (i) The warehouse has been approved by the board under RCW
15 66.24.010; and

16 (ii) The number of warehouses off the premises of the
17 microbrewery does not exceed one.

18 (c) Any person selling or serving beer or cider at a microbrewery
19 for on-premises consumption must obtain a class 12 or class 13
20 alcohol server permit.

21 (d) A microbrewery holding a spirits, beer, and wine restaurant
22 license may sell beer of its own production for off-premises
23 consumption from its restaurant premises in kegs or in a sanitary
24 container brought to the premises by the purchaser or furnished by
25 the licensee and filled at the tap by the licensee at the time of
26 sale.

27 (3) Any microbrewery licensed under this section may also sell
28 from its premises for on-premises and off-premises consumption:

29 (a) Beer produced by another microbrewery or a domestic brewery
30 as long as the other breweries' brands do not exceed twenty-five
31 percent of the microbrewery's on-tap offerings; or

32 (b) Cider produced by a domestic winery.

33 (4) The board may issue up to two retail licenses allowing a
34 microbrewery to operate an on or off-premises tavern, beer and/or
35 wine restaurant, or spirits, beer, and wine restaurant.

36 (5) A microbrewery that holds a tavern license, spirits, beer,
37 and wine restaurant license, or a beer and/or wine restaurant license
38 holds the same privileges and endorsements as permitted under RCW
39 66.24.320, 66.24.330, and 66.24.420.

1 (6)(a) A microbrewery licensed under this section may apply to
2 the board for an endorsement to sell bottled beer of its own
3 production at retail for off-premises consumption at a qualifying
4 farmers market. The annual fee for this endorsement is seventy-five
5 dollars. However, strong beer may not be sold at a farmers market or
6 under any endorsement which may authorize microbreweries to sell beer
7 at farmers markets.

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

14 (c) Any person selling or serving beer must obtain a class 12 or
15 class 13 alcohol server permit.

16 (d) The beer sold at qualifying farmers markets must be produced
17 in Washington.

18 (e) Each approved location in a qualifying farmers market is
19 deemed to be part of the microbrewery license for the purpose of this
20 title. The approved locations under an endorsement granted under this
21 subsection (6) include tasting or sampling privileges subject to the
22 conditions pursuant to RCW 66.24.175. The microbrewery may not store
23 beer at a farmers market beyond the hours that the microbrewery
24 offers bottled beer for sale. The microbrewery may not act as a
25 distributor from a farmers market location.

26 (f) Before a microbrewery may sell bottled beer at a qualifying
27 farmers market, the farmers market must apply to the board for
28 authorization for any microbrewery with an endorsement approved under
29 this subsection (6) to sell bottled beer at retail at the farmers
30 market. This application must include, at a minimum: (i) A map of the
31 farmers market showing all booths, stalls, or other designated
32 locations at which an approved microbrewery may sell bottled beer;
33 and (ii) the name and contact information for the on-site market
34 managers who may be contacted by the board or its designee to verify
35 the locations at which bottled beer may be sold. Before authorizing a
36 qualifying farmers market to allow an approved microbrewery to sell
37 bottled beer at retail at its farmers market location, the board must
38 notify the persons or entities of the application for authorization
39 pursuant to RCW 66.24.010 (8) and (9). An authorization granted under

1 this subsection (6)(f) may be withdrawn by the board for any
2 violation of this title or any rules adopted under this title.

3 (g) The board may adopt rules establishing the application and
4 approval process under this section and any additional rules
5 necessary to implement this section.

6 (h) For the purposes of this subsection (6):

7 (i) "Qualifying farmers market" has the same meaning as defined
8 in RCW 66.24.170.

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

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

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

20 (7) Any microbrewery licensed under this section may
21 contract-produce beer for another microbrewer. This contract-
22 production is not a sale for the purposes of RCW 66.28.170 and
23 66.28.180.

--- END ---