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ENGROSSED SUBSTITUTE SENATE BILL 5781

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State of Washington

65th Legislature

2017 Regular Session

By Senate Commerce, Labor & Sports (originally sponsored by Senators Fortunato and Baumgartner)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to banquet provisions for charitable or nonprofit  
2 organizations; amending RCW 66.28.040; reenacting and amending RCW  
3 66.20.010; and adding a new section to chapter 66.28 RCW.

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

5 **Sec. 1.** RCW 66.20.010 and 2016 c 235 s 6 and 2016 c 129 s 1 are  
6 each reenacted and amended to read as follows:

7 Upon application in the prescribed form being made to any  
8 employee authorized by the board to issue permits, accompanied by  
9 payment of the prescribed fee, and upon the employee being satisfied  
10 that the applicant should be granted a permit under this title, the  
11 employee must issue to the applicant under such regulations and at  
12 such fee as may be prescribed by the board a permit of the class  
13 applied for, as follows:

14 (1) Where the application is for a special permit by a physician  
15 or dentist, or by any person in charge of an institution regularly  
16 conducted as a hospital or sanitorium for the care of persons in ill  
17 health, or as a home devoted exclusively to the care of aged people,  
18 a special liquor purchase permit, except that the governor may waive  
19 the requirement for a special liquor purchase permit under this  
20 subsection pursuant to an order issued under RCW 43.06.220(2);

1 (2) Where the application is for a special permit by a person  
2 engaged within the state in mechanical or manufacturing business or  
3 in scientific pursuits requiring alcohol for use therein, or by any  
4 private individual, a special permit to purchase alcohol for the  
5 purpose named in the permit, except that the governor may waive the  
6 requirement for a special liquor purchase permit under this  
7 subsection pursuant to an order issued under RCW 43.06.220(2);

8 (3) Where the application is for a special permit to consume  
9 liquor at a banquet, at a specified date and place, a special permit  
10 to purchase liquor for consumption at such banquet, to:

11 (a) Such applicants as may be fixed by the board; and

12 (b) A not-for-profit society or charitable organization as  
13 authorized under section 2 of this act;

14 (4) Where the application is for a special permit to consume  
15 liquor on the premises of a business not licensed under this title, a  
16 special permit to purchase liquor for consumption thereon for such  
17 periods of time and to such applicants as may be fixed by the board;

18 (5) Where the application is for a special permit by a  
19 manufacturer to import or purchase within the state alcohol, malt,  
20 and other materials containing alcohol to be used in the manufacture  
21 of liquor, or other products, a special permit;

22 (6) Where the application is for a special permit by a person  
23 operating a drug store to purchase liquor at retail prices only, to  
24 be thereafter sold by such person on the prescription of a physician,  
25 a special liquor purchase permit, except that the governor may waive  
26 the requirement for a special liquor purchase permit under this  
27 subsection pursuant to an order issued under RCW 43.06.220(2);

28 (7) Where the application is for a special permit by an  
29 authorized representative of a military installation operated by or  
30 for any of the armed forces within the geographical boundaries of the  
31 state of Washington, a special permit to purchase liquor for use on  
32 such military installation;

33 (8) Where the application is for a special permit by a vendor  
34 that manufactures or sells a product which cannot be effectively  
35 presented to potential buyers without serving it with liquor or by a  
36 manufacturer, importer, or distributor, or representative thereof, to  
37 serve liquor without charge to delegates and guests at a convention  
38 of a trade association composed of licensees of the board, when the  
39 said liquor is served in a hospitality room or from a booth in a  
40 board-approved suppliers' display room at the convention, and when

1 the liquor so served is for consumption in the said hospitality room  
2 or display room during the convention, anything in this title to the  
3 contrary notwithstanding. Any such spirituous liquor must be  
4 purchased from a spirits retailer or distributor, and any such liquor  
5 is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and  
6 66.24.210;

7 (9) Where the application is for a special permit by a  
8 manufacturer, importer, or distributor, or representative thereof, to  
9 donate liquor for a reception, breakfast, luncheon, or dinner for  
10 delegates and guests at a convention of a trade association composed  
11 of licensees of the board, when the liquor so donated is for  
12 consumption at the said reception, breakfast, luncheon, or dinner  
13 during the convention, anything in this title to the contrary  
14 notwithstanding. Any such spirituous liquor must be purchased from a  
15 spirits retailer or distributor, and any such liquor is subject to  
16 the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

17 (10) Where the application is for a special permit by a  
18 manufacturer, importer, or distributor, or representative thereof, to  
19 donate and/or serve liquor without charge to delegates and guests at  
20 an international trade fair, show, or exposition held under the  
21 auspices of a federal, state, or local governmental entity or  
22 organized and promoted by a nonprofit organization, anything in this  
23 title to the contrary notwithstanding. Any such spirituous liquor  
24 must be purchased from a liquor spirits retailer or distributor, and  
25 any such liquor is subject to the taxes imposed by RCW 82.08.150,  
26 66.24.290, and 66.24.210;

27 (11) Where the application is for an annual special permit by a  
28 person operating a bed and breakfast lodging facility to donate or  
29 serve wine or beer without charge to overnight guests of the facility  
30 if the wine or beer is for consumption on the premises of the  
31 facility. "Bed and breakfast lodging facility," as used in this  
32 subsection, means a facility offering from one to eight lodging units  
33 and breakfast to travelers and guests;

34 (12) Where the application is for a special permit to allow  
35 tasting of alcohol by persons at least eighteen years of age under  
36 the following circumstances:

37 (a) The application is from a community or technical college as  
38 defined in RCW 28B.50.030, a regional university, or a state  
39 university;

1 (b) The person who is permitted to taste under this subsection is  
2 enrolled as a student in a required or elective class that is part of  
3 a culinary, sommelier, wine business, enology, viticulture, wine  
4 technology, beer technology, or spirituous technology-related degree  
5 program;

6 (c) The alcohol served to any person in the degree-related  
7 programs under (b) of this subsection is tasted but not consumed for  
8 the purposes of educational training as part of the class curriculum  
9 with the approval of the educational provider;

10 (d) The service and tasting of alcoholic beverages is supervised  
11 by a faculty or staff member of the educational provider who is  
12 twenty-one years of age or older. The supervising faculty or staff  
13 member (~~shall~~) must possess a class 12 or 13 alcohol server permit  
14 under the provisions of RCW 66.20.310;

15 (e) The enrolled student permitted to taste the alcoholic  
16 beverages does not purchase the alcoholic beverages; and

17 (f) The permit fee for the special permit provided for in this  
18 subsection (12) must be waived by the board;

19 (13) Where the application is for a special permit by a  
20 distillery or craft distillery for an event not open to the general  
21 public to be held or conducted at a specific place, including at the  
22 licensed premise of the applying distillery or craft distillery, upon  
23 a specific date for the purpose of tasting and selling spirits of its  
24 own production. The distillery or craft distillery must obtain a  
25 permit for a fee of ten dollars per event. An application for the  
26 permit must be submitted for private banquet permits prior to the  
27 event and, once issued, must be posted in a conspicuous place at the  
28 premises for which the permit was issued during all times the permit  
29 is in use. No licensee may receive more than twelve permits under  
30 this subsection (13) each year;

31 (14) Where the application is for a special permit by a  
32 manufacturer of wine for an event not open to the general public to  
33 be held or conducted at a specific place upon a specific date for the  
34 purpose of tasting and selling wine of its own production. The winery  
35 must obtain a permit for a fee of ten dollars per event. An  
36 application for the permit must be submitted at least ten days before  
37 the event and once issued, must be posted in a conspicuous place at  
38 the premises for which the permit was issued during all times the  
39 permit is in use. No more than twelve events per year may be held by  
40 a single manufacturer under this subsection;

1 (15) Where the application is for a special permit by a  
2 manufacturer of beer for an event not open to the general public to  
3 be held or conducted at a specific place upon a specific date for the  
4 purpose of tasting and selling beer of its own production. The  
5 brewery or microbrewery must obtain a permit for a fee of ten dollars  
6 per event. An application for the permit must be submitted at least  
7 ten days before the event and, once issued, must be posted in a  
8 conspicuous place at the premises for which the permit was issued  
9 during all times the permit is in use. No more than twelve events per  
10 year may be held by a single manufacturer under this subsection;

11 (16) Where the application is for a special permit by an  
12 individual or business to sell a private collection of wine or  
13 spirits to an individual or business. The seller must obtain a permit  
14 at least five business days before the sale, for a fee of twenty-five  
15 dollars per sale. The seller must provide an inventory of products  
16 sold and the agreed price on a form provided by the board. The seller  
17 shall submit the report and taxes due to the board no later than  
18 twenty calendar days after the sale. A permit may be issued under  
19 this section to allow the sale of a private collection to licensees,  
20 but may not be issued to a licensee to sell to a private individual  
21 or business which is not otherwise authorized under the license held  
22 by the seller. If the liquor is purchased by a licensee, all sales  
23 are subject to taxes assessed as on liquor acquired from any other  
24 source. The board may adopt rules to implement this section.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 66.28  
26 RCW to read as follows:

27 (1) There is a special permit to be designated as a banquet  
28 permit to be issued to a not-for-profit society or charitable  
29 organization, which has annual gross income of less than two hundred  
30 fifty thousand dollars, to provide free of charge, spirits, beer, and  
31 wine by the individual serving for on-premises consumption at a  
32 specified date and place.

33 (2) The banquet permit is available for an unlimited number of  
34 the organization's business or social events that are held solely for  
35 the organization's members and guests. The events may not be open to  
36 the general public.

37 (3) Liquor served at the event may be:

1 (a) Provided by individuals attending the event for their own  
2 consumption or with the intent to share, at no cost, with other  
3 attendees;

4 (b) Included in the total price for an event when participants  
5 receive an equal share by distribution of exchangeable tickets as  
6 part of the package;

7 (c) Donated to the organization by any person, industry member,  
8 or entity so long as the donor or the organization pays any fees  
9 established by RCW 66.24.630(4), taxes imposed on a retail sale under  
10 RCW 82.08.150, or other sales taxes that would be paid, if the sale  
11 were made to a consumer; or

12 (d) Purchased by the event organizers at an authorized retail  
13 source.

14 (4) The organization may accept cash donations at an event so  
15 long as there is no expectation or implied obligation to give a  
16 donation in exchange for a beverage containing liquor.

17 (5) The fee for the banquet permit is ten dollars per day.

18 (6) For events occurring under this section, the board must  
19 provide for an online permit to be issued on the day the event  
20 occurs.

21 **Sec. 3.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
22 read as follows:

23 Except as provided under section 2 of this act, or permitted by  
24 the board under RCW 66.20.010, no domestic brewery, microbrewery,  
25 distributor, distiller, domestic winery, importer, rectifier,  
26 certificate of approval holder, or other manufacturer of liquor may,  
27 within the state of Washington, give to any person any liquor; but  
28 nothing in this section nor in RCW 66.28.305 prevents a domestic  
29 brewery, microbrewery, distributor, domestic winery, distiller,  
30 certificate of approval holder, or importer from furnishing samples  
31 of beer, wine, or spirituous liquor to authorized licensees for the  
32 purpose of negotiating a sale, in accordance with regulations adopted  
33 by the liquor and cannabis board, provided that the samples are  
34 subject to taxes imposed by RCW 66.24.290 and 66.24.210; nothing in  
35 this section prevents a domestic brewery, microbrewery, domestic  
36 winery, distillery, certificate of approval holder, or distributor  
37 from furnishing beer, wine, or spirituous liquor for instructional  
38 purposes under RCW 66.28.150; nothing in this section prevents a  
39 domestic winery, certificate of approval holder, or distributor from

1 furnishing wine without charge, subject to the taxes imposed by RCW  
2 66.24.210, to a not-for-profit group organized and operated solely  
3 for the purpose of enology or the study of viticulture which has been  
4 in existence for at least six months and that uses wine so furnished  
5 solely for such educational purposes or a domestic winery, or an out-  
6 of-state certificate of approval holder, from furnishing wine without  
7 charge or a domestic brewery, or an out-of-state certificate of  
8 approval holder, from furnishing beer without charge, subject to the  
9 taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
10 licensed under RCW 66.24.140 or an accredited representative of a  
11 distiller, manufacturer, importer, or distributor of spirituous  
12 liquor licensed under RCW 66.24.310, from furnishing spirits without  
13 charge, to a nonprofit charitable corporation or association exempt  
14 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
15 revenue code of 1986 for use consistent with the purpose or purposes  
16 entitling it to such exemption; nothing in this section prevents a  
17 domestic brewery or microbrewery from serving beer without charge, on  
18 the brewery premises; nothing in this section prevents donations of  
19 wine for the purposes of RCW 66.12.180; nothing in this section  
20 prevents a domestic winery from serving wine without charge, on the  
21 winery premises; and nothing in this section prevents a craft  
22 distillery from serving spirits, on the distillery premises subject  
23 to RCW 66.24.145.

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