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**SECOND SUBSTITUTE SENATE BILL 5549**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Lias, King, Hunt, and Braun)

1 AN ACT Relating to modernizing resident distillery marketing and  
2 sales restrictions; amending RCW 66.24.140, 66.24.145, 66.28.040,  
3 66.24.630, and 66.28.310; reenacting and amending RCW 42.56.270;  
4 adding new sections to chapter 66.24 RCW; and providing an effective  
5 date.

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

7 **Sec. 1.** RCW 66.24.140 and 2017 c 260 s 1 are each amended to  
8 read as follows:

9 (1) There is a license to distillers, including blending,  
10 rectifying, and bottling; fee two thousand dollars per annum, unless  
11 provided otherwise as follows:

12 (a) For distillers producing one hundred fifty thousand gallons  
13 or less of spirits with at least half of the raw materials used in  
14 the production grown in Washington, the license fee must be reduced  
15 to one hundred dollars per annum;

16 (b) The board must license stills used and to be used solely and  
17 only by a commercial chemist for laboratory purposes, and not for the  
18 manufacture of liquor for sale, at a fee of twenty dollars per annum;

19 (c) The board must license stills used and to be used solely and  
20 only for laboratory purposes in any school, college, or educational  
21 institution in the state, without fee; and

1 (d) The board must license stills that have been duly licensed as  
2 fruit and/or wine distilleries by the federal government, used and to  
3 be used solely as fruit and/or wine distilleries in the production of  
4 fruit brandy and wine spirits, at a fee of two hundred dollars per  
5 annum.

6 (2) Any distillery licensed under this section may:

7 (a) Sell, for off-premises consumption, spirits of ((its)) the  
8 distillery's own production ((for consumption off the premises)),  
9 spirits produced by another distillery or craft distillery licensed  
10 in this state, or vermouth or sparkling wine products produced by a  
11 licensee in this state. A distillery selling spirits or other alcohol  
12 authorized under this subsection must comply with the applicable laws  
13 and rules relating to retailers;

14 (b) Contract distilled spirits for, and sell contract distilled  
15 spirits to, holders of distillers' or manufacturers' licenses,  
16 including licenses issued under RCW 66.24.520, or for export; and

17 (c) ~~((Provide samples subject to the following conditions:~~

18 ~~(i) For the purposes of this subsection, the maximum amount of~~  
19 ~~alcohol per person per day is two ounces;~~

20 ~~(ii) Provide free or for a charge one-half ounce or less samples~~  
21 ~~of spirits of its own production to persons on the premises of the~~  
22 ~~distillery. Spirits samples may be adulterated with nonalcoholic~~  
23 ~~mixers, mixers with alcohol of the distiller's own production, water,~~  
24 ~~and/or ice;~~

25 ~~(iii) Sell adulterated samples of spirits of their own~~  
26 ~~production, water, and/or ice to persons on the premises at the~~  
27 ~~distillery; and~~

28 ~~(iv) Every person who participates in any manner in the service~~  
29 ~~of these samples must obtain a class 12 alcohol server permit)) Serve~~

30 samples of spirits for free or for a charge, and sell servings of  
31 spirits, vermouth, and sparkling wine to customers for on-premises  
32 consumption, at the premises of the distillery indoors, outdoors, or  
33 in any combination thereof, and at the distillery's off-site tasting  
34 rooms in accordance with this chapter, subject to the following  
35 conditions:

36 (i) A distillery may provide to customers, for free or for a  
37 charge, for on-premises consumption, spirits samples that are one-  
38 half ounce or less per sample of spirits, and that may be adulterated  
39 with water, ice, other alcohol entitled to be served or sold on the  
40 licensed premises under this section, or nonalcoholic mixers;

1 (ii) A distillery may sell, for on-premises consumption, servings  
2 of spirits of the distillery's own production or spirits produced by  
3 another distillery or craft distillery licensed in this state, which  
4 must be adulterated with water, ice, other alcohol entitled to be  
5 sold or served on the licensed premises, or nonalcoholic mixers if  
6 the revenue derived from the sale of spirits for on-premises  
7 consumption under this subsection (2)(c)(ii) does not comprise more  
8 than thirty percent of the overall gross revenue earned in the  
9 tasting room during the calendar year. Any distiller who sells  
10 adulterated products under this subsection, must file an annual  
11 report with the board that summarizes the distiller's revenue  
12 sources; and

13 (iii) A distillery may sell, for on-premises consumption,  
14 servings of vermouth or sparkling wine products produced by a  
15 licensee in this state.

16 (3)(a) If a distillery provides or sells spirits or other alcohol  
17 products authorized to be sold or provided to customers for on-  
18 premises or off-premises consumption that are produced by another  
19 distillery, craft distillery, or licensee in this state, then at any  
20 one time no more than twenty-five percent of the alcohol stock-  
21 keeping units offered or sold by the distillery at its distillery  
22 premises and at any off-site tasting rooms licensed under section 3  
23 of this act may be vermouth, sparkling wine, or spirits made by  
24 another distilled spirits producer or licensee. If a distillery sells  
25 fewer than twenty alcohol stock keeping units of products of its own  
26 production, it may sell up to five alcohol stock keeping units of  
27 another distillery, craft distillery, or licensee in this state.

28 (b) A person is limited to receiving or purchasing, for on-  
29 premises consumption, no more than two ounces total of spirits that  
30 are unadulterated. Any additional spirits purchased for on-premises  
31 consumption must be adulterated as authorized in this section.

32 (c) Except for an event in which a private party has secured a  
33 private banquet permit, no person under twenty-one years of age may  
34 enter or remain on a distillery's premises in an area where alcohol  
35 is sampled, sold, or served, or on the premises of a distillery's  
36 off-site tasting room licensed under section 3 of this act.

37 (d) Any person serving or selling spirits or other alcohol  
38 authorized to be served or sold by a distillery must obtain a class  
39 12 alcohol server permit.

40 (e) A distillery may sell nonalcoholic products at retail.

1       **Sec. 2.** RCW 66.24.145 and 2015 c 194 s 2 are each amended to  
2 read as follows:

3       (1) (a) Any craft distillery may sell, for off-premises  
4 consumption, spirits of its own production (~~for consumption off the~~  
5 ~~premises~~), spirits produced by another craft distillery or  
6 distillery licensed in this state, and vermouth and sparkling wine  
7 products produced by a licensee in this state.

8       (b) A craft distillery selling spirits or other alcohol  
9 authorized under this subsection must comply with the applicable laws  
10 and rules relating to retailers.

11       (2) Any craft distillery may contract distilled spirits for, and  
12 sell contract distilled spirits to, holders of distillers' or  
13 manufacturers' licenses, including licenses issued under RCW  
14 66.24.520, or for export.

15       (3) Any craft distillery licensed under this section may  
16 (~~provide, free or for a charge, one-half ounce or less samples of~~  
17 ~~spirits of its own production to persons on the premises of the~~  
18 ~~distillery. The maximum total per person per day is two ounces. Every~~  
19 ~~person who participates in any manner in the service of samples must~~  
20 ~~obtain a class 12 alcohol server permit. Spirits samples may be~~  
21 ~~adulterated with nonalcoholic mixers, water, and/or ice.~~

22       ~~(4) (a) A distillery or craft distillery licensee may apply to the~~  
23 ~~board for an endorsement to sell spirits of its own production at~~  
24 ~~retail for off-premises consumption at a qualifying farmers market.~~  
25 ~~The annual fee for this endorsement is seventy-five dollars.~~

26       ~~(b) For each month during which a distillery or craft distillery~~  
27 ~~will sell spirits at a qualifying farmers market, the distillery or~~  
28 ~~craft distillery must provide the board or its designee a list of the~~  
29 ~~dates, times, and locations at which bottled spirits may be offered~~  
30 ~~for sale. This list must be received by the board before the spirits~~  
31 ~~may be offered for sale at a qualifying farmers market.~~

32       ~~(c) Each approved location in a qualifying farmers market is~~  
33 ~~deemed to be part of the distillery or craft distillery license for~~  
34 ~~the purpose of this title. The approved locations under an~~  
35 ~~endorsement granted under this subsection do not include tasting or~~  
36 ~~sampling privileges. The distillery or craft distillery may not store~~  
37 ~~spirits at a farmers market beyond the hours that the bottled spirits~~  
38 ~~are offered for sale. The distillery or craft distillery may not act~~  
39 ~~as a distributor from a farmers market location.~~

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

19 ~~(e) For the purposes of this subsection (4), "qualifying farmers~~  
20 ~~market" has the same meaning as defined in RCW 66.24.170.) serve~~  
21 ~~samples of spirits for free or for a charge, and sell servings of~~  
22 ~~spirits, vermouth, and sparkling wine products to customers for on-~~  
23 ~~premises consumption, at the premises of the distillery indoors,~~  
24 ~~outdoors, or in any combination thereof, and at the distillery's off-~~  
25 ~~site tasting rooms, in accordance with this chapter, subject to the~~  
26 ~~following conditions:~~

27 ~~(a) A craft distillery may provide to customers, for free or for~~  
28 ~~a charge, for on-premises consumption, spirits samples that are one-~~  
29 ~~half ounce or less per sample of spirits, and that may be adulterated~~  
30 ~~with water, ice, other alcohol entitled to be sold or served on the~~  
31 ~~licensed premises, or nonalcoholic mixers;~~

32 ~~(b) A craft distillery may sell, for on-premises consumption,~~  
33 ~~servings of spirits of the craft distillery's own production and~~  
34 ~~spirits produced by another craft distillery or distillery licensed~~  
35 ~~in this state, which must be adulterated with water, ice, other~~  
36 ~~alcohol entitled to be sold or served on the licensed premises, or~~  
37 ~~nonalcoholic mixers if the revenue derived from the sale of spirits~~  
38 ~~for on-premises consumption under this subsection (3)(b) does not~~  
39 ~~comprise more than thirty percent of the overall gross revenue earned~~  
40 ~~in the tasting room during the calendar year. Any distiller who sells~~

1 adulterated products under this subsection, must file an annual  
2 report with the board that summarizes the distiller's revenue  
3 sources; and

4 (c) A distillery may sell, for on-premises consumption, servings  
5 of vermouth or sparkling wine products produced by a licensee in this  
6 state.

7 (4) (a) If a craft distillery provides or sells spirits or other  
8 alcohol products authorized to be sold or provided to customers for  
9 on-premises or off-premises consumption that are produced by another  
10 distillery, craft distillery, or licensee in this state, then at any  
11 one time no more than twenty-five percent of the alcohol stock-  
12 keeping units offered or sold by the craft distillery at its craft  
13 distillery premises and at any off-site tasting rooms licensed under  
14 section 3 of this act may be vermouth, sparkling wine, or spirits  
15 made by another distilled spirits producer or licensee. If a  
16 distillery sells fewer than twenty alcohol stock keeping units of  
17 products of its own production, it may sell up to five alcohol stock  
18 keeping units of another distillery, craft distillery, or licensee in  
19 this state.

20 (b) A person is limited to receiving or purchasing, for on-  
21 premises consumption, no more than two ounces total of spirits that  
22 are unadulterated. Any additional spirits purchased for on-premises  
23 consumption must be adulterated.

24 (c) Any person serving or selling spirits or other alcohol  
25 authorized to be served or sold by a craft distillery must obtain a  
26 class 12 alcohol server permit.

27 (5) The board must adopt rules to implement the alcohol server  
28 permit requirement and may adopt additional rules to implement this  
29 section.

30 (6) Distilling is an agricultural practice.

31 (7) Except for an event in which a private party has secured a  
32 private banquet permit, no person under twenty-one years of age may  
33 enter or remain on a craft distillery's premises in an area where  
34 alcohol is sampled, sold, or served, or on the premises of a craft  
35 distillery's off-site tasting room licensed under section 3 of this  
36 act.

37 (8) A craft distillery may sell nonalcoholic products at retail.

38 NEW SECTION. Sec. 3. A new section is added to chapter 66.24  
39 RCW to read as follows:

1 (1) (a) There is a tasting room license available to distillery  
2 and craft distillery licensees. A tasting room license authorizes the  
3 operation of an off-site tasting room, in addition to a tasting room  
4 attached to the distillery's or craft distillery's production  
5 facility, at which the licensee may sample, serve, and sell spirits  
6 and alcohol products authorized to be sampled, served, and sold under  
7 RCW 66.24.140 and 66.24.145, for on-premises and off-premises  
8 consumption, subject to the same limitations as provided in RCW  
9 66.24.140 and 66.24.145.

10 (b) A distillery or craft distillery licensed production facility  
11 is eligible for no more than two off-site tasting room licenses  
12 located in this state, which may be indoors, or outdoors or a  
13 combination thereof, and which shall be administratively tied to a  
14 licensed production facility. A separate license is required for the  
15 operation of each off-site tasting room. The fee for each off-site  
16 tasting room license is two thousand dollars per annum. No additional  
17 license is required for a distillery or craft distillery to sample,  
18 serve, and sell spirits and alcohol to customers in a tasting room on  
19 the distillery or craft distillery premises as authorized under this  
20 section, section 4 of this act, RCW 66.24.140, 66.24.145, 66.28.040,  
21 66.24.630, and 66.28.310.

22 (2) (a) Except for an event in which a private party has secured a  
23 private banquet permit, after 9:00 p.m. no person under twenty-one  
24 years of age may enter or remain on the premises of a tasting room  
25 licensed under this section.

26 (b) Any person serving or selling spirits or other alcohol  
27 authorized to be served or sold by a craft distillery must obtain a  
28 class 12 alcohol server permit.

29 NEW SECTION. **Sec. 4.** A new section is added to chapter 66.24  
30 RCW to read as follows:

31 (1) Of the off-site tasting rooms allowed in this chapter, any  
32 distillery, craft distillery, domestic winery, or any combination of  
33 licensees thereof, licensed under this chapter may jointly occupy and  
34 co-operate up to two off-site locations, which may be indoors,  
35 outdoors, or a combination thereof, at which they may sample, serve,  
36 and sell products of their own production and products authorized to  
37 be sampled, served, and sold under the terms of their license. The  
38 licensees must maintain separate storage of products and separate  
39 financials. The distillery or craft distillery tasting rooms

1 referenced in this section shall be the off-site tasting rooms  
2 allowed, and have the privileges and limitations provided in this  
3 chapter. This section does not create additional numbers of  
4 authorized tasting rooms beyond what is authorized by this section,  
5 section 3 of this act, and in RCW 66.24.140, 66.24.145, 66.28.040,  
6 66.24.630, and 66.28.310.

7 (2) Any domestic brewery, microbrewery, domestic winery,  
8 distillery, or craft distillery licensed under this chapter, or any  
9 combination of licensees thereof, whose property parcels or buildings  
10 are located in direct physical proximity to one another may share a  
11 standing or seated tasting area for patrons to use, which may be  
12 indoors, outdoors, or a combination thereof. Each licensee may  
13 sample, serve, and sell products the licensee is authorized to  
14 sample, serve, and sell under the terms of its license, for on-  
15 premises consumption in the jointly operated consumption area. Each  
16 licensee must use distinctly marked glassware or serving containers  
17 to identify the source of any product being consumed. The distillery  
18 or craft distillery tasting rooms shall be the on-site or off-site  
19 tasting rooms allowed, and have the privileges and limitations  
20 provided in this chapter.

21 (3) Licensees operating under this section must comply with the  
22 applicable laws and rules relating to retailers.

23 (4) Licensees operating under this section must comply with all  
24 applicable laws and rules relating to sampling and serving, as may be  
25 allowed by their license type.

26 (5) All licensees who participate in:

27 (a) A jointly operated off-premises location allowed under  
28 subsection (1) of this section, or

29 (b) A conjoined consumption area allowed under subsection (2) of  
30 this section must share staffing resources. All participating  
31 licensees shall be jointly responsible for any violation or  
32 enforcement issues unless it can be demonstrated that the violation  
33 or enforcement issue was due to one or more licensee's specific  
34 conduct or action, in which case the violation or enforcement applies  
35 only to those identified licensees.

36 (6) Every person who participates in any manner in the sale or  
37 service of samples or servings of spirits must obtain a class 12  
38 alcohol server permit. Every person who participates in any manner in  
39 the sale or service of samples or servings of beer and wine must  
40 obtain a class 12 or class 13 alcohol server permit.



1       **Sec. 5.** RCW 66.28.040 and 2016 c 235 s 15 are each amended to  
2 read as follows:

3       (1) Except as permitted by the board under RCW 66.20.010, or as  
4 allowed under this title, no domestic brewery, microbrewery,  
5 distributor, distiller, domestic winery, importer, rectifier,  
6 certificate of approval holder, or other manufacturer of liquor may,  
7 within the state of Washington, give to any person any liquor(~~+~~  
8 ~~but~~) without charge.

9       (2) Nothing in this section nor in RCW 66.28.305 prevents a  
10 domestic brewery, microbrewery, distributor, domestic winery,  
11 distiller, certificate of approval holder, or importer from  
12 furnishing samples of beer, wine, or spirituous liquor to authorized  
13 licensees for the purpose of negotiating a sale, in accordance with  
14 regulations adopted by the liquor and cannabis board, provided that  
15 the samples are subject to taxes imposed by RCW 66.24.290 and  
16 66.24.210(~~+~~).

17       (3) Nothing in this section prevents a domestic brewery,  
18 microbrewery, domestic winery, distillery, certificate of approval  
19 holder, or distributor from furnishing beer, wine, or spirituous  
20 liquor for instructional purposes under RCW 66.28.150(~~+~~).

21       (4) Nothing in this section prevents a domestic winery,  
22 certificate of approval holder, or distributor from furnishing wine  
23 without charge, subject to the taxes imposed by RCW 66.24.210, to a  
24 not-for-profit group organized and operated solely for the purpose of  
25 enology or the study of viticulture which has been in existence for  
26 at least six months and that uses wine so furnished solely for such  
27 educational purposes or a domestic winery, or an out-of-state  
28 certificate of approval holder, from furnishing wine without charge  
29 or a domestic brewery, or an out-of-state certificate of approval  
30 holder, from furnishing beer without charge, subject to the taxes  
31 imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller  
32 licensed under RCW 66.24.140 or an accredited representative of a  
33 distiller, manufacturer, importer, or distributor of spirituous  
34 liquor licensed under RCW 66.24.310, from furnishing spirits without  
35 charge, to a nonprofit charitable corporation or association exempt  
36 from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal  
37 revenue code of 1986 for use consistent with the purpose or purposes  
38 entitling it to such exemption(~~+~~).

1       (5) Nothing in this section prevents a domestic brewery or  
2 microbrewery from serving beer without charge, on the brewery  
3 premises((†)).

4       (6) Nothing in this section prevents donations of wine for the  
5 purposes of RCW 66.12.180((†)).

6       (7) Nothing in this section prevents a domestic winery from  
7 serving wine without charge, on the winery premises((†and)).

8       (8) Nothing in this section prevents a craft distillery from  
9 serving spirits, ((on the distillery premises subject to RCW  
10 66.24.145)) including spirits adulterated with other alcohol entitled  
11 to be served or sold under RCW 66.24.140 or 66.24.145, to customers  
12 on the distillery premises or at an off-site tasting room as  
13 authorized under the terms of the license.

14       **Sec. 6.** RCW 66.24.630 and 2017 c 96 s 4 are each amended to read  
15 as follows:

16       (1) There is a spirits retail license to: Sell spirits in  
17 original containers to consumers for consumption off the licensed  
18 premises and to permit holders; sell spirits in original containers  
19 to retailers licensed to sell spirits for consumption on the  
20 premises, for resale at their licensed premises according to the  
21 terms of their licenses, although no single sale may exceed twenty-  
22 four liters, unless the sale is by a licensee that was a contract  
23 liquor store manager of a contract liquor store at the location of  
24 its spirits retail licensed premises from which it makes such sales;  
25 and export spirits.

26       (2) For the purposes of this title, a spirits retail license is a  
27 retail license, and a sale by a spirits retailer is a retail sale  
28 only if not for resale. Nothing in this title authorizes sales by on-  
29 sale licensees to other retail licensees. The board must establish by  
30 rule an obligation of on-sale spirits retailers to:

31       (a) Maintain a schedule by stock-keeping unit of all their  
32 purchases of spirits from spirits retail licensees, including  
33 combination spirits, beer, and wine licensees holding a license  
34 issued pursuant to RCW 66.24.035, indicating the identity of the  
35 seller and the quantities purchased; and

36       (b) Provide, not more frequently than quarterly, a report for  
37 each scheduled item containing the identity of the purchasing on-  
38 premises licensee and the quantities of that scheduled item purchased  
39 since any preceding report to:

1 (i) A distributor authorized by the distiller to distribute a  
2 scheduled item in the on-sale licensee's geographic area; or

3 (ii) A distiller acting as distributor of the scheduled item in  
4 the area.

5 (3)(a) Except as otherwise provided in (c) of this subsection,  
6 the board may issue spirits retail licenses only for premises  
7 comprising at least ten thousand square feet of fully enclosed retail  
8 space within a single structure, including storerooms and other  
9 interior auxiliary areas but excluding covered or fenced exterior  
10 areas, whether or not attached to the structure, and only to  
11 applicants that the board determines will maintain systems for  
12 inventory management, employee training, employee supervision, and  
13 physical security of the product substantially as effective as those  
14 of stores currently operated by the board with respect to preventing  
15 sales to or pilferage by underage or inebriated persons.

16 (b) License issuances and renewals are subject to RCW 66.24.010  
17 and the regulations adopted thereunder, including without limitation  
18 rights of cities, towns, county legislative authorities, the public,  
19 churches, schools, and public institutions to object to or prevent  
20 issuance of local liquor licenses. However, existing grocery premises  
21 licensed to sell beer and/or wine are deemed to be premises "now  
22 licensed" under RCW 66.24.010(9)(a) for the purpose of processing  
23 applications for spirits retail licenses.

24 (c) The board may not deny a spirits retail license to an  
25 otherwise qualified contract liquor store at its contract location or  
26 to the holder of former state liquor store operating rights sold at  
27 auction under RCW 66.24.620 on the grounds of location, nature, or  
28 size of the premises to be licensed. The board may not deny a spirits  
29 retail license to applicants that are not contract liquor stores or  
30 operating rights holders on the grounds of the size of the premises  
31 to be licensed, if such applicant is otherwise qualified and the  
32 board determines that:

33 (i) There is no spirits retail license holder in the trade area  
34 that the applicant proposes to serve;

35 (ii) The applicant meets, or upon licensure will meet, the  
36 operational requirements established by the board by rule; and

37 (iii) The licensee has not committed more than one public safety  
38 violation within the three years preceding application.

39 (d) A retailer authorized to sell spirits for consumption on or  
40 off the licensed premises may accept delivery of spirits at its

1 licensed premises, at another licensed premises as designated by the  
2 retailer, or at one or more warehouse facilities registered with the  
3 board, which facilities may also warehouse and distribute nonliquor  
4 items, and from which the retailer may deliver to its own licensed  
5 premises and, pursuant to sales permitted under subsection (1) of  
6 this section:

7 (i) To other retailer premises licensed to sell spirits for  
8 consumption on the licensed premises;

9 (ii) To other registered facilities; or

10 (iii) To lawful purchasers outside the state. The facilities may  
11 be registered and utilized by associations, cooperatives, or  
12 comparable groups of retailers, including at least one retailer  
13 licensed to sell spirits.

14 (e) For purposes of negotiating volume discounts, a group of  
15 individual retailers authorized to sell spirits for consumption off  
16 the licensed premises may accept delivery of spirits at their  
17 individual licensed premises or at any one of the individual  
18 licensee's premises, or at a warehouse facility registered with the  
19 board.

20 (4) (a) Except as otherwise provided in RCW 66.24.632, or in (b)  
21 of this subsection, each spirits retail licensee must pay to the  
22 board, for deposit into the liquor revolving fund, a license issuance  
23 fee equivalent to seventeen percent of all spirits sales revenues  
24 under the license, exclusive of taxes collected by the licensee and  
25 of sales of items on which a license fee payable under this section  
26 has otherwise been incurred. The board must establish rules setting  
27 forth the timing of such payments and reporting of sales dollar  
28 volume by the licensee, with payments required quarterly in arrears.  
29 The first payment is due October 1, 2012.

30 (b) This subsection (4) does not apply to craft distilleries for  
31 sales of spirits of the craft distillery's own production.

32 (5) In addition to the payment required under subsection (4) of  
33 this section, each licensee must pay an annual license renewal fee of  
34 one hundred sixty-six dollars. The board must periodically review and  
35 adjust the renewal fee as may be required to maintain it as  
36 comparable to annual license renewal fees for licenses to sell beer  
37 and wine not for consumption on the licensed premises. If required by  
38 law at the time, any increase of the annual renewal fee becomes  
39 effective only upon ratification by the legislature.

1 (6) As a condition to receiving and renewing a spirits retail  
2 license the licensee must provide training as prescribed by the board  
3 by rule for individuals who sell spirits or who manage others who  
4 sell spirits regarding compliance with laws and regulations regarding  
5 sale of spirits, including without limitation the prohibitions  
6 against sale of spirits to individuals who are underage or visibly  
7 intoxicated. The training must be provided before the individual  
8 first engages in the sale of spirits and must be renewed at least  
9 every five years. The licensee must maintain records documenting the  
10 nature and frequency of the training provided. An employee training  
11 program is presumptively sufficient if it incorporates a "responsible  
12 vendor program" adopted by the board.

13 (7) The maximum penalties prescribed by the board in WAC  
14 314-29-020 through 314-29-040 relating to fines and suspensions are  
15 doubled for violations relating to the sale of spirits by spirits  
16 retail licensees.

17 (8)(a) The board must adopt regulations concerning the adoption  
18 and administration of a compliance training program for spirits  
19 retail licensees, to be known as a "responsible vendor program," to  
20 reduce underage drinking, encourage licensees to adopt specific best  
21 practices to prevent sales to minors, and provide licensees with an  
22 incentive to give their employees ongoing training in responsible  
23 alcohol sales and service.

24 (b) Licensees who join the responsible vendor program under this  
25 section and maintain all of the program's requirements are not  
26 subject to the doubling of penalties provided in this section for a  
27 single violation in any period of twelve calendar months.

28 (c) The responsible vendor program must be free, voluntary, and  
29 self-monitoring.

30 (d) To participate in the responsible vendor program, licensees  
31 must submit an application form to the board. If the application  
32 establishes that the licensee meets the qualifications to join the  
33 program, the board must send the licensee a membership certificate.

34 (e) A licensee participating in the responsible vendor program  
35 must at a minimum:

36 (i) Provide ongoing training to employees;

37 (ii) Accept only certain forms of identification for alcohol  
38 sales;

39 (iii) Adopt policies on alcohol sales and checking  
40 identification;

1 (iv) Post specific signs in the business; and  
2 (v) Keep records verifying compliance with the program's  
3 requirements.

4 (f)(i) A spirits retail licensee that also holds a grocery store  
5 license under RCW 66.24.360 or a beer and/or wine specialty shop  
6 license under RCW 66.24.371 may, upon board approval and pursuant to  
7 board rules, transition to a combination spirits, beer, and wine  
8 license pursuant to RCW 66.24.035.

9 (ii) An applicant that would qualify for a spirits retail license  
10 under this section and that qualifies for a combination spirits,  
11 beer, and wine license pursuant to RCW 66.24.035 may apply for a  
12 license pursuant to RCW 66.24.035 instead of applying for a spirits  
13 retail license under this section.

14 **Sec. 7.** RCW 66.28.310 and 2015 c 94 s 1 are each amended to read  
15 as follows:

16 (1)(a) Nothing in RCW 66.28.305 prohibits an industry member from  
17 providing retailers branded promotional items which are of nominal  
18 value, singly or in the aggregate. Such items include but are not  
19 limited to: Trays, lighters, blotters, postcards, pencils, coasters,  
20 menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or  
21 can openers, corkscrews, matches, printed recipes, shirts, hats,  
22 visors, and other similar items. Branded promotional items:

23 (i) Must be used exclusively by the retailer or its employees in  
24 a manner consistent with its license;

25 (ii) Must bear imprinted advertising matter of the industry  
26 member only, except imprinted advertising matter of the industry  
27 member can include the logo of a professional sports team which the  
28 industry member is licensed to use;

29 (iii) May be provided by industry members only to retailers and  
30 their employees and may not be provided by or through retailers or  
31 their employees to retail customers; and

32 (iv) May not be targeted to or appeal principally to youth.

33 (b) An industry member is not obligated to provide any such  
34 branded promotional items, and a retailer may not require an industry  
35 member to provide such branded promotional items as a condition for  
36 selling any alcohol to the retailer.

37 (c) Any industry member or retailer or any other person asserting  
38 that the provision of branded promotional items as allowed in (a) of  
39 this subsection has resulted or is more likely than not to result in

1 undue influence or an adverse impact on public health and safety, or  
2 is otherwise inconsistent with the criteria in (a) of this subsection  
3 may file a complaint with the board. Upon receipt of a complaint the  
4 board may conduct such investigation as it deems appropriate in the  
5 circumstances. If the investigation reveals the provision of branded  
6 promotional items has resulted in or is more likely than not to  
7 result in undue influence or has resulted or is more likely than not  
8 to result in an adverse impact on public health and safety or is  
9 otherwise inconsistent with (a) of this subsection the board may  
10 issue an administrative violation notice to the industry member, to  
11 the retailer, or both. The recipient of the administrative violation  
12 notice may request a hearing under chapter 34.05 RCW.

13 (2) Nothing in RCW 66.28.305 prohibits:

14 (a) An industry member from providing to a special occasion  
15 licensee and a special occasion licensee from receiving services for:

16 (i) Installation of draft beer dispensing equipment or  
17 advertising;

18 (ii) Advertising, pouring, or dispensing of beer or wine at a  
19 beer or wine tasting exhibition or judging event; or

20 (iii) Pouring or dispensing of spirits by a licensed domestic  
21 distiller or the accredited representative of a distiller,  
22 manufacturer, importer, or distributor of spirituous liquor licensed  
23 under RCW 66.24.310; or

24 (b) Special occasion licensees from paying for beer, wine, or  
25 spirits immediately following the end of the special occasion event;  
26 or

27 (c) Wineries, breweries, or distilleries that are participating  
28 in a special occasion event from paying reasonable booth fees to the  
29 special occasion licensee.

30 (3) Nothing in RCW 66.28.305 prohibits industry members from  
31 performing, and retailers from accepting the service of building,  
32 rotating, and restocking displays and stockroom inventories; rotating  
33 and rearranging can and bottle displays of their own products;  
34 providing point of sale material and brand signs; pricing case goods  
35 of their own brands; and performing such similar business services  
36 consistent with board rules, or personal services as described in  
37 subsection (5) of this section.

38 (4) Nothing in RCW 66.28.305 prohibits:

1 (a) Industry members from listing on their internet web sites  
2 information related to retailers who sell or promote their products,  
3 including direct links to the retailers' internet web sites; and

4 (b) Retailers from listing on their internet web sites  
5 information related to industry members whose products those  
6 retailers sell or promote, including direct links to the industry  
7 members' web sites; or

8 (c) Industry members and retailers from producing, jointly or  
9 together with regional, state, or local industry associations,  
10 brochures and materials promoting tourism in Washington state which  
11 contain information regarding retail licensees, industry members, and  
12 their products.

13 (5) Nothing in RCW 66.28.305 prohibits the performance of  
14 personal services offered from time to time by a domestic winery or  
15 certificate of approval holder to retailers when the personal  
16 services are (a) conducted at a licensed premises, and (b) intended  
17 to inform, educate, or enhance customers' knowledge or experience of  
18 the manufacturer's products. The performance of personal services may  
19 include participation and pouring, bottle signing events, and other  
20 similar informational or educational activities at the premises of a  
21 retailer holding a spirits, beer, and wine restaurant license, a wine  
22 and/or beer restaurant license, a specialty wine shop license, a  
23 special occasion license, a grocery store license with a tasting  
24 endorsement, or a private club license. A domestic winery or  
25 certificate of approval holder is not obligated to perform any such  
26 personal services, and a retail licensee may not require a domestic  
27 winery or certificate of approval holder to conduct any personal  
28 service as a condition for selling any alcohol to the retail  
29 licensee, or as a condition for including any product of the domestic  
30 winery or certificate of approval holder in any tasting conducted by  
31 the licensee. Except as provided in RCW 66.28.150, the cost of  
32 sampling may not be borne, directly or indirectly, by any domestic  
33 winery or certificate of approval holder or any distributor. Nothing  
34 in this section prohibits wineries, breweries, microbreweries,  
35 certificate of approval holders, and retail licensees from  
36 identifying the producers on private labels authorized under RCW  
37 66.24.400, 66.24.425, 66.24.450, 66.24.360, and 66.24.371.

38 (6) Nothing in RCW 66.28.305 prohibits an industry member from  
39 entering into an arrangement with any holder of a sports  
40 entertainment facility license or an affiliated business for brand



1 advertising at the licensed facility or promoting events held at the  
2 sports entertainment facility as authorized under RCW 66.24.570.

3 (7) Nothing in RCW 66.28.305 prohibits the performance of  
4 personal services offered from time to time by a domestic brewery,  
5 microbrewery, or beer certificate of approval holder to grocery store  
6 licensees with a tasting endorsement when the personal services are  
7 (a) conducted at a licensed premises in conjunction with a tasting  
8 event, and (b) intended to inform, educate, or enhance customers'  
9 knowledge or experience of the manufacturer's products. The  
10 performance of personal services may include participation and  
11 pouring, bottle signing events, and other similar informational or  
12 educational activities. A domestic brewery, microbrewery, or beer  
13 certificate of approval holder is not obligated to perform any such  
14 personal services, and a grocery store licensee may not require the  
15 performance of any personal service as a condition for including any  
16 product in any tasting conducted by the licensee.

17 (8) Nothing in RCW 66.28.305 prohibits an arrangement between a  
18 domestic winery and a restaurant licensed under RCW 66.24.320 or  
19 66.24.400 to waive a corkage fee.

20 (9) Nothing in this section prohibits professional sports teams  
21 who hold a retail liquor license or their agents from accepting bona  
22 fide liquor advertising from manufacturers, importers, distributors,  
23 or their agents for use in the sporting arena. Professional sports  
24 teams who hold a retail liquor license or their agents may license  
25 the manufacturer, importer, distributor, or their agents to use the  
26 name and trademarks of the professional sports team in their  
27 advertising and promotions, under the following conditions:

28 (a) Such advertising must be paid for by said manufacturer,  
29 importer, distributor, or their agent at the published advertising  
30 rate or at a reasonable fair market value.

31 (b) Such advertising may carry with it no express or implied  
32 offer on the part of the manufacturer, importer, distributor, or  
33 their agent, or promise on the part of the retail licensee whose  
34 operation is directly or indirectly part of the sporting arena, to  
35 stock or list any particular brand of liquor to the total or partial  
36 exclusion of any other brand.

37 (10) Nothing in RCW 66.28.305 prohibits a licensed domestic  
38 brewery or microbrewery from providing branded promotional items  
39 which are of nominal value, singly or in the aggregate, to a  
40 nonprofit charitable corporation or association exempt from taxation

1 under 26 U.S.C. Sec. 501(c)(3) of the internal revenue code as it  
2 existed on July 24, 2015, for use consistent with the purpose or  
3 purposes entitling it to such exemption.

4 (11) Nothing in RCW 66.28.305 prohibits a distillery, craft  
5 distillery, or spirits certificate of approval holder from providing  
6 branded promotional items which are of nominal value, singly or in  
7 the aggregate, to a nonprofit charitable corporation or association  
8 exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the  
9 federal internal revenue code of 1986, as amended, as of the  
10 effective date of this section, for use consistent with the purpose  
11 or purposes entitling it to such exemption.

12 **Sec. 8.** RCW 42.56.270 and 2018 c 201 s 8008, 2018 c 196 c 21,  
13 and 2018 c 4 s 9 are each reenacted and amended to read as follows:

14 The following financial, commercial, and proprietary information  
15 is exempt from disclosure under this chapter:

16 (1) Valuable formulae, designs, drawings, computer source code or  
17 object code, and research data obtained by any agency within five  
18 years of the request for disclosure when disclosure would produce  
19 private gain and public loss;

20 (2) Financial information supplied by or on behalf of a person,  
21 firm, or corporation for the purpose of qualifying to submit a bid or  
22 proposal for (a) a ferry system construction or repair contract as  
23 required by RCW 47.60.680 through 47.60.750 or (b) highway  
24 construction or improvement as required by RCW 47.28.070;

25 (3) Financial and commercial information and records supplied by  
26 private persons pertaining to export services provided under chapters  
27 43.163 and 53.31 RCW, and by persons pertaining to export projects  
28 under RCW 43.23.035;

29 (4) Financial and commercial information and records supplied by  
30 businesses or individuals during application for loans or program  
31 services provided by chapters 43.325, 43.163, 43.160, 43.330, and  
32 43.168 RCW, or during application for economic development loans or  
33 program services provided by any local agency;

34 (5) Financial information, business plans, examination reports,  
35 and any information produced or obtained in evaluating or examining a  
36 business and industrial development corporation organized or seeking  
37 certification under chapter 31.24 RCW;

38 (6) Financial and commercial information supplied to the state  
39 investment board by any person when the information relates to the

1 investment of public trust or retirement funds and when disclosure  
2 would result in loss to such funds or in private loss to the  
3 providers of this information;

4 (7) Financial and valuable trade information under RCW 51.36.120;

5 (8) Financial, commercial, operations, and technical and research  
6 information and data submitted to or obtained by the clean Washington  
7 center in applications for, or delivery of, program services under  
8 chapter 70.95H RCW;

9 (9) Financial and commercial information requested by the public  
10 stadium authority from any person or organization that leases or uses  
11 the stadium and exhibition center as defined in RCW 36.102.010;

12 (10)(a) Financial information, including but not limited to  
13 account numbers and values, and other identification numbers supplied  
14 by or on behalf of a person, firm, corporation, limited liability  
15 company, partnership, or other entity related to an application for a  
16 horse racing license submitted pursuant to RCW 67.16.260(1)(b),  
17 marijuana producer, processor, or retailer license, liquor license,  
18 gambling license, or lottery retail license;

19 (b) Internal control documents, independent auditors' reports and  
20 financial statements, and supporting documents: (i) Of house-banked  
21 social card game licensees required by the gambling commission  
22 pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted  
23 by tribes with an approved tribal/state compact for class III gaming;

24 (11) Proprietary data, trade secrets, or other information that  
25 relates to: (a) A vendor's unique methods of conducting business; (b)  
26 data unique to the product or services of the vendor; or (c)  
27 determining prices or rates to be charged for services, submitted by  
28 any vendor to the department of social and health services or the  
29 health care authority for purposes of the development, acquisition,  
30 or implementation of state purchased health care as defined in RCW  
31 41.05.011;

32 (12)(a) When supplied to and in the records of the department of  
33 commerce:

34 (i) Financial and proprietary information collected from any  
35 person and provided to the department of commerce pursuant to RCW  
36 43.330.050(8); and

37 (ii) Financial or proprietary information collected from any  
38 person and provided to the department of commerce or the office of  
39 the governor in connection with the siting, recruitment, expansion,  
40 retention, or relocation of that person's business and until a siting

1 decision is made, identifying information of any person supplying  
2 information under this subsection and the locations being considered  
3 for siting, relocation, or expansion of a business;

4 (b) When developed by the department of commerce based on  
5 information as described in (a)(i) of this subsection, any work  
6 product is not exempt from disclosure;

7 (c) For the purposes of this subsection, "siting decision" means  
8 the decision to acquire or not to acquire a site;

9 (d) If there is no written contact for a period of sixty days to  
10 the department of commerce from a person connected with siting,  
11 recruitment, expansion, retention, or relocation of that person's  
12 business, information described in (a)(ii) of this subsection will be  
13 available to the public under this chapter;

14 (13) Financial and proprietary information submitted to or  
15 obtained by the department of ecology or the authority created under  
16 chapter 70.95N RCW to implement chapter 70.95N RCW;

17 (14) Financial, commercial, operations, and technical and  
18 research information and data submitted to or obtained by the life  
19 sciences discovery fund authority in applications for, or delivery  
20 of, grants under chapter 43.350 RCW, to the extent that such  
21 information, if revealed, would reasonably be expected to result in  
22 private loss to the providers of this information;

23 (15) Financial and commercial information provided as evidence to  
24 the department of licensing as required by RCW 19.112.110 or  
25 19.112.120, except information disclosed in aggregate form that does  
26 not permit the identification of information related to individual  
27 fuel licensees;

28 (16) Any production records, mineral assessments, and trade  
29 secrets submitted by a permit holder, mine operator, or landowner to  
30 the department of natural resources under RCW 78.44.085;

31 (17)(a) Farm plans developed by conservation districts, unless  
32 permission to release the farm plan is granted by the landowner or  
33 operator who requested the plan, or the farm plan is used for the  
34 application or issuance of a permit;

35 (b) Farm plans developed under chapter 90.48 RCW and not under  
36 the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject  
37 to RCW 42.56.610 and 90.64.190;

38 (18) Financial, commercial, operations, and technical and  
39 research information and data submitted to or obtained by a health  
40 sciences and services authority in applications for, or delivery of,

1 grants under RCW 35.104.010 through 35.104.060, to the extent that  
2 such information, if revealed, would reasonably be expected to result  
3 in private loss to providers of this information;

4 (19) Information gathered under chapter 19.85 RCW or RCW  
5 34.05.328 that can be identified to a particular business;

6 (20) Financial and commercial information submitted to or  
7 obtained by the University of Washington, other than information the  
8 university is required to disclose under RCW 28B.20.150, when the  
9 information relates to investments in private funds, to the extent  
10 that such information, if revealed, would reasonably be expected to  
11 result in loss to the University of Washington consolidated endowment  
12 fund or to result in private loss to the providers of this  
13 information;

14 (21) Market share data submitted by a manufacturer under RCW  
15 70.95N.190(4);

16 (22) Financial information supplied to the department of  
17 financial institutions or to a portal under RCW 21.20.883, when filed  
18 by or on behalf of an issuer of securities for the purpose of  
19 obtaining the exemption from state securities registration for small  
20 securities offerings provided under RCW 21.20.880 or when filed by or  
21 on behalf of an investor for the purpose of purchasing such  
22 securities;

23 (23) Unaggregated or individual notices of a transfer of crude  
24 oil that is financial, proprietary, or commercial information,  
25 submitted to the department of ecology pursuant to RCW  
26 90.56.565(1)(a), and that is in the possession of the department of  
27 ecology or any entity with which the department of ecology has shared  
28 the notice pursuant to RCW 90.56.565;

29 (24) Financial institution and retirement account information,  
30 and building security plan information, supplied to the liquor and  
31 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and  
32 69.50.345, when filed by or on behalf of a licensee or prospective  
33 licensee for the purpose of obtaining, maintaining, or renewing a  
34 license to produce, process, transport, or sell marijuana as allowed  
35 under chapter 69.50 RCW;

36 (25) Marijuana transport information, vehicle and driver  
37 identification data, and account numbers or unique access identifiers  
38 issued to private entities for traceability system access, submitted  
39 by an individual or business to the liquor and cannabis board under  
40 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and

1 69.50.345 for the purpose of marijuana product traceability.  
2 Disclosure to local, state, and federal officials is not considered  
3 public disclosure for purposes of this section;

4 (26) Financial and commercial information submitted to or  
5 obtained by the retirement board of any city that is responsible for  
6 the management of an employees' retirement system pursuant to the  
7 authority of chapter 35.39 RCW, when the information relates to  
8 investments in private funds, to the extent that such information, if  
9 revealed, would reasonably be expected to result in loss to the  
10 retirement fund or to result in private loss to the providers of this  
11 information except that (a) the names and commitment amounts of the  
12 private funds in which retirement funds are invested and (b) the  
13 aggregate quarterly performance results for a retirement fund's  
14 portfolio of investments in such funds are subject to disclosure;

15 (27) Proprietary financial, commercial, operations, and technical  
16 and research information and data submitted to or obtained by the  
17 liquor and cannabis board in applications for marijuana research  
18 licenses under RCW 69.50.372, or in reports submitted by marijuana  
19 research licensees in accordance with rules adopted by the liquor and  
20 cannabis board under RCW 69.50.372;

21 (28) Trade secrets, technology, proprietary information, and  
22 financial considerations contained in any agreements or contracts,  
23 entered into by a licensed marijuana business under RCW 69.50.395,  
24 which may be submitted to or obtained by the state liquor and  
25 cannabis board; (~~and~~)

26 (29) Financial, commercial, operations, and technical and  
27 research information and data submitted to or obtained by the Andy  
28 Hill cancer research endowment program in applications for, or  
29 delivery of, grants under chapter 43.348 RCW, to the extent that such  
30 information, if revealed, would reasonably be expected to result in  
31 private loss to providers of this information; (~~and~~)

32 (30) Proprietary information filed with the department of health  
33 under chapter 69.48 RCW; and

34 (31) Unaggregated financial, proprietary, or commercial  
35 information submitted to or obtained by the liquor and cannabis board  
36 in applications for licenses under RCW 66.24.140 or 66.24.145, or in  
37 any reports or remittances submitted by a person licensed under RCW  
38 66.24.140 or 66.24.145 under rules adopted by the liquor and cannabis  
39 board under chapter 66.08 RCW.

1        NEW SECTION.    **Sec. 9.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

5        NEW SECTION.    **Sec. 10.**    This act takes effect January 1, 2020.

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