



# Washington State Liquor and Cannabis Board

**Topic:** Petition for Adoption, Amendment, or Repeal of a State Administrative Rule – (WAC 314-20-055(4) – Microbrewery Warehouse License.)

**Date:** July 19, 2023

**Presented by:** Daniel Jacobs, Policy and Rules Coordinator

## Background

On May 22, 2023, Justin Leigh of Dwinell Country Ales, submitted a petition for adoption, amendment, or repeal of a state administrative rule. The petition requests that the agency amend WAC 314-20-055(4) to allow for microbreweries to share warehouse space under certain conditions. The current rule prohibits microbreweries from sharing warehouse space.

In the rule petition, Justin Leigh stated:

2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: WAC 314-20-055(4)

- I am requesting the following change: I am requesting that Section 4, which prohibits microbrewery licensees from sharing a Microbrewery Warehouse Space, be changed to allow microbreweries to share such a space.  
This change would make it more economically feasible and equitable for self-distributing microbrewery licensees to pool their financial resources in the operation of off-site warehouse space.
- This change is needed because: This rule change would support the efforts of microbrewery licensees that choose to self-distribute their products within the sale without the need of paying a wholesaler to perform such logistical activities.
- The effect of this rule change will be: \_\_\_\_\_
- The rule is not clearly or simply stated: \_\_\_\_\_

Mr. Leigh provided some proposed rule language (in the red):

### WAC 314-20-055

#### Microbrewery warehouse license.

(1) A licensee holding a microbrewery license under RCW 66.24.244 and acting as a distributor of its own products may apply for a microbrewery warehouse license. There is no fee for this license.

(2) A microbrewery warehouse is a premises located off the microbrewery premises that is used for the storage of their own bulk beer, finished product, and distribution of the microbrewery's own products.

(3) There may be no retail sales from the microbrewery warehouse.

(4) Microbreweries may ~~not~~ share warehouse space with another microbrewery licensee; provided, however that the products of each respective microbrewery must be physically delineated or otherwise separated from one another and conspicuously labeled to indicate the respective producer of origin.

Lastly, Mr. Leigh provided additional justification for his requested change:

*Notes:* RCW 66.24.244(2)(b) (as referenced in the WAC, above) states a microbrewery operating as a distributor may maintain a warehouse off the premises of the microbrewery for the distribution of beer provided that: (i) The warehouse has been approved by the board under RCW 66.24.010; and (ii) The number of warehouses off the premises of the microbrewery does not exceed one. Based on the foregoing, there is no indication in the RCW that the legislature intended to restrict the ability of microbreweries to share a warehouse space. In fact, this subsection of the statute suggests quite the opposite; namely, that the legislature intended to support the efforts of Washington microbreweries to self-distribute their products across the State.

## Issue

Whether the Board should initiate the rulemaking process to consider amending WAC 314-20-055(4) to allow microbreweries to share warehouse space under certain conditions, when the current rules prohibit such sharing?

## Authority

### *Laws*

[RCW 66.24.170\(3\)](#) states that any domestic winery licensed under this section may operate as a retailer and distributor of its own production. It additionally provides that a winery operating as a distributor may maintain a warehouse off the premises of the winery for the distribution of wine of its own production provided that:

- (a) The warehouse has been approved by the board under RCW [66.24.010](#); and
- (b) the number of warehouses off the premises of the winery does not exceed one.

[RCW 66.24.185](#) identifies the license and requirements for a bonded wine warehouse.

[RCW 66.24.185\(2\)](#) provides that [o]ne or more domestic wineries may operate as a partnership, corporation, business co-op, or agricultural co-op for the purposes of obtaining a bonded wine warehouse license.

[RCW 66.24.240\(1\)\(a\)](#) provides that there shall be a license for domestic breweries that produce more than sixty thousand (60,000) barrels of malt liquor [beer] a year.

[RCW 66.24.244](#) identifies a microbrewery license and specifies the fee for the license.

[RCW 64.24.244\(1\)\(a\)](#) provides there shall be a license for microbreweries that produce less than sixty thousand [60,000] barrels of malt liquor, including strong beer, per year.

[RCW 66.24.244\(2\)\(b\)](#) states that [a]ny microbrewery operating as a distributor and/or retailer under this subsection must comply with the applicable laws and rules relating to distributors and/or retailers, except that a microbrewery operating as a distributor may maintain a warehouse off the premises of the microbrewery for the distribution of beer provided that:

- (i) The warehouse has been approved by the board under RCW [66.24.010](#); and
- (ii) The number of warehouses off the premises of the microbrewery does not exceed one.

[RCW 66.24.695](#) identifies the license and requirements for bonded and nonbonded spirits warehouses.

[RCW 66.24.695\(2\)](#) states that [o]ne or more domestic distilleries or manufacturers may operate as a partnership, corporation, business co-op, cotenant, or agricultural co-op for the purpose of obtaining a bonded and nonbonded spirits warehouse license or storing spirits in the facility under a common management and oversight agreement free of charge or for a fee.

#### *Rules*

[WAC 314-20-055](#), titled “Microbrewery warehouse license,” states:

- (1) A licensee holding a microbrewery license under RCW [66.24.244](#) and acting as a distributor of its own products may apply for a microbrewery warehouse license. There is no fee for this license.
- (2) A microbrewery warehouse is a premises located off the microbrewery premises that is used for the storage of their own bulk beer, finished product, and distribution of the microbrewery's own products.
- (3) There may be no retail sales from the microbrewery warehouse.
- (4) Microbreweries may not share warehouse space.

[WAC 314-24-107](#) titled “Winery Warehouse license” states:

- (1) A licensee holding a domestic winery license under RCW [66.24.170](#) and acting as a distributor of its own products may apply for a winery warehouse license. There is no fee for this license.
- (2) A winery warehouse is a premises located off the winery premises that is used for the storage of bulk wine and the distribution of the winery's own products. Storage of bulk wine may require a federal registry number.

- (3) No part of the production process may take place at the winery warehouse premises.
- (4) There may be no retail sales from the winery warehouse premises.
- (5) The winery warehouse must be approved by the board under RCW [66.24.010](#) and the number of warehouses off the winery premises may not exceed one.

[WAC 314-24-220](#) identifies the requirements for operation and licensing of a bonded wine warehouse.

[WAC 314-28-220](#) identifies the requirements for operation and licensing of a bonded and nonbonded spirits warehouse.

[WAC 314-28-220\(6\)](#) states that [o]ne or more domestic distilleries or manufacturers may operate as a partnership, corporation, business co-op, cotenant, or agricultural co-op for the purpose of obtaining a bonded and nonbonded spirits warehouse license or storing spirits in the facility under a common management and oversight agreement free of charge or for a fee.

## Analysis

A microbrewery is a brewery that produces less than 60,000 barrels of beer per year. See RCW 66.24.244(1)(a). A brewery that produces more than 60,000 barrels in a year is just that, a brewery, in contrast to a *microbrewery*. See RCW 66.24.240(1)(a).

WAC 314-20-055 relating to the microbrewery warehouse license was [last amended](#) in 2017 following laws passed during the 2017 legislative session. This is when section 4 prohibiting microbreweries from sharing warehouse space was [added](#).

WAC 314-20-055 itself was created in 2009, but [originally did not contain any language](#) about the sharing of warehouse space. The rule itself was created because of laws passed during the 2008 legislative session.

The existence of separate warehouses for breweries appears exclusive to microbreweries, as there are no specific statutes or rules regarding warehouses for breweries. However, the closest analogous alcohol warehouse would be winery warehouses as identified in [WAC 314-24-107](#). In this rule, an entity licensed as a domestic winery under RCW 66.24.170 can maintain one separate warehouse on separate premises from the winery itself for storage of bulk wine, where no part of the production process occurs, and no retail sales can occur from. Crucially, wine can be distributed from the warehouse.

These are distinct from bonded wine warehouse and bonded and nonbonded spirits warehouses. These are governed by [RCW 66.24.185](#) and [66.24.695](#) respectively. Both the wine warehouse and spirits warehouse have specific sections of the statute that allow

licensees, namely licensed wineries and distilleries, to form separate legal entities to jointly operate warehouses. See RCW 64.24.185(2) and 66.24.695(2).

The Washington state legislature chose to allow wineries and distilleries to pool their resources and share warehouse space under specific conditions. This same decision was not made regarding microbreweries. While Mr. Leigh is correct that the legislature did not evidence its intention to restrict microbreweries from sharing warehouse space through statutory language, nor did the legislature decide to explicitly allow the sharing of warehouse space, and it would not have been a heavy lift for the legislature to have added such language, they already had the language to use.

The legislature did not make that decision. Given that the legislature explicitly allowed such shared use regarding bonded spirits and wine warehouses, there is an argument that the legislature viewed microbrewery warehouses differently and sufficiently different from other alcohol warehouses to give them pause in allowing the sharing of warehouse space. Under that argument, the rule in WAC 314-20-055(4) is simply making clear what the legislature intended through its silence: that microbreweries should not share warehouse space. The agency has previously adopted this view, and the question now is whether there has been a sufficient change of circumstances to warrant changing that position.

Lastly, this proposed rule change could be interpreted as an attempt by microbreweries to self-distribute product, and thus cut distributors out of the loop. Again, as mentioned above, if this were something the legislature wanted to allow, it had the tools available to do so in statute. Unlike the bonded spirits and wine warehouses, the non-bonded wine warehouse in WAC 314-24-107, a closer analogue to the microbrewery warehouse at issue here, makes no mention of allowing shared space.

Any decision to engage in rulemaking on this topic would likely involve engaging not just with microbreweries as stakeholders, but also beer distributors, who may very well have strong positions on the matter.

## **Divisional, Interagency, Intergovernmental, DEIB, Social Equity and Other Impacts**

### ***Divisional***

#### **Licensing**

The Licensing Division notes that the legislature created provisions for wine and spirit warehouses to allow shared use. It is important to note that wine and spirit warehouses have entities that are created specifically for storing wine or spirits – they do not own the product. For microbrewery warehouses, they do own the product and distribute from that warehouse. The licensing division would need something in place to identify how product would be secured, stored and separated.

Additionally, the ability to maintain a warehouse is not just for storage purposes, it would presumably enable microbreweries to distribute from those warehouses, and this rule change would therefore potentially involve converting microbreweries into small-scale beer distribution centers, where multiple microbreweries could use a single distribution channel for more than one product.

Lastly, the Licensing Division would need a mechanism to track shared warehouses, to track which microbrewery is storing their product in which part of the warehouse, similar to how wine and spirit warehouses are currently tracked, and identify one license for a microbrewery with multiple locations, one for the microbrewery itself and one for the warehouse, as well as being able to associate multiple different microbrewery licenses with a single address, namely that of the shared warehouse.

### Enforcement & Education

No additional impacts identified.

### Finance

While the Finance Division did not identify any specific concerns, it is important to reiterate the distinction between bonded spirits and wine warehouses and the winery warehouse identified in WAC 314-24-107. The winery warehouse in WAC 314-24-107 is tied to a specific winery, whereas the bonded wine warehouses and bonded spirit warehouses are entities separately licensed by the Alcohol and Tobacco Tax and Trade Bureau ([TTB](#)). The bonded wine warehouses hold and ship wine on behalf of wineries, with the bonded spirit warehouses doing so on behalf of distilleries.

Information Technology/Infrastructure – no identified impacts.

Public Health/Prevention – no additional comments.

### **Interagency**

Department of Health – no identified impacts.

Labor & Industries – no identified impacts.

### **Intergovernmental**

Tribes – no identified impacts.

### **DEIB, Social Equity**

While no clear Diversity, Equity, Inclusion and Belonging or Social Equity concerns jump out at first glance, the importance of DEIB and Social Equity work lies in looking deeper than first glance. Any rulemaking undertaken would need to examine the impact on small

businesses given the role that powerful corporate interests play in beer distribution, and in turn, what flexibility given to small businesses might mean for small business owners.

**Options:**

After careful analysis, it is within the Board’s authority to amend WAC 314-20-055(4) to make the requested changes to allow microbreweries to share warehouse space. The question is whether the Board should exercise that authority to engage in rulemaking:

- 1) The Board can deny the rule petition, and leave WAC 314-20-055(4) as is, keeping the prohibition on shared microbrewery warehouses in place. The advantage of this would be to preserve the status quo and allow for regulatory stability. The disadvantage of this would be that it would preserve what might be argued to be an inequity between the treatment of wine and spirits, where the statutes at issue explicitly permit licensees to share warehouse space, and the treatment of beer from microbreweries, where the only prohibition on shared warehouse space exists in Title 314 WAC, OR,
- 2) The Board can accept the rule petition and agree to engage in collaborative rulemaking to explore the possibility of amending WAC 314-20-055(4) to amend the rule. The advantage of this is that the agency can engage in a review of the relevant policy considerations to further examine whether the reasons for creating the prohibition in WAC 314-20-055(4) still exist as they did in 2017, or whether those reasons have subsided, or perhaps new reasons for retaining the prohibition have arisen.

**Board Action**

After considering the recommendation of Director’s Office staff, the Board **accepts/denies** the petition for rulemaking received from Justin Leigh on May 22, 2023.

_____ Accept _____ Deny	_____	_____
	David Postman, Chair	Date
_____ Accept _____ Deny	_____	_____
	Ollie Garrett, Board Member	Date
_____ Accept _____ Deny	_____	_____
	Jim Vollendroff, Board Member	Date

**Attachments**

- 1. Email from Justin Leigh received May 22, 2023, containing rule petition.
- 2. Laws and Rules cited under the “Authority” section above.



## PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

Print Form

In accordance with [RCW 34.05.330](#), the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

### CONTACT INFORMATION *(please type or print)*

Petitioner's Name Justin Leigh  
Name of Organization Dwinell, LLC  
Mailing Address PO Box 855  
City Goldendale State WA Zip Code 98620  
Telephone (509) 426-4415 Email justin@countryales.com

### COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible. See "Exhibit A," attached hereto.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClist.htm>.

### INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: Liquor and Cannabis Board

**1. NEW RULE - I am requesting the agency to adopt a new rule.**

The subject (or purpose) of this rule is: \_\_\_\_\_

The rule is needed because: \_\_\_\_\_

The new rule would affect the following people or groups: \_\_\_\_\_



**2. AMEND RULE - I am requesting the agency to change an existing rule.**

List rule number (WAC), if known: WAC 314-20-055(4)

I am requesting that Section 4, which prohibits microbrewery licensees from sharing a Microbrewery Warehouse Space, be changed to allow

I am requesting the following change: microbreweries to share such a space.

This change would make it more economically feasible and equitable for self-distributing microbrewery licensees to pool their financial resources in the operation of off-site warehouse space.

This change is needed because:

This rule change would support the efforts of microbrewery licensees that choose to self-distribute their products within the sale without the need of paying a wholesaler to perform such logistical activities.

The effect of this rule change will be: paying a wholesaler to perform such logistical activities.

The rule is not clearly or simply stated: \_\_\_\_\_

**3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.**

List rule number (WAC), if known: \_\_\_\_\_

*(Check one or more boxes)*

It does not do what it was intended to do.

It is no longer needed because: \_\_\_\_\_

It imposes unreasonable costs: \_\_\_\_\_

The agency has no authority to make this rule: \_\_\_\_\_

It is applied differently to public and private parties: \_\_\_\_\_

It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: \_\_\_\_\_

It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: \_\_\_\_\_

Other (please explain): \_\_\_\_\_

PETITION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE

**“Exhibit A”**

SUGGESTED RULE LANGUAGE

**WAC 314-20-055**

**Microbrewery warehouse license.**

(1) A licensee holding a microbrewery license under RCW 66.24.244 and acting as a distributor of its own products may apply for a microbrewery warehouse license. There is no fee for this license.

(2) A microbrewery warehouse is a premises located off the microbrewery premises that is used for the storage of their own bulk beer, finished product, and distribution of the microbrewery's own products.

(3) There may be no retail sales from the microbrewery warehouse.

(4) Microbreweries may ~~not~~ share warehouse space with another microbrewery licensee; provided, however that the products of each respective microbrewery must be physically delineated or otherwise separated from one another and conspicuously labeled to indicate the respective producer of origin.

*Notes:* RCW 66.24.244(2)(b) (as referenced in the WAC, above) states a microbrewery operating as a distributor may maintain a warehouse off the premises of the microbrewery for the distribution of beer provided that: (i) The warehouse has been approved by the board under RCW 66.24.010; and (ii) The number of warehouses off the premises of the microbrewery does not exceed one. Based on the foregoing, there is no indication in the RCW that the legislature intended to restrict the ability of microbreweries to share a warehouse space. In fact, this subsection of the statute suggests quite the opposite; namely, that the legislature intended to support the efforts of Washington microbreweries to self-distribute their products across the State.

**RCW 66.24.170 Domestic winery license—Winery as distributor and/or retailer of own wine—Off-premises samples—Domestic wine made into sparkling wine—Sales at qualifying farmers markets. (Effective until December 31, 2023.)** (1)(a) There is a license for domestic wineries; fee to be computed only on the liters manufactured: Less than two hundred fifty thousand liters per year, \$50 per year; and two hundred fifty thousand liters or more per year, \$200 per year.

(b) The annual fees in (a) of this subsection are waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1)(b).

(c) The waivers in (b) of this subsection do not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

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

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

(4)(a) A domestic winery licensed under this section, at locations separate from any of its production or manufacturing sites, may serve samples of its own products, with or without charge, may sell wine of its own production at retail, and may sell for off-premises consumption wines of its own production in kegs or sanitary containers meeting the applicable requirements of federal law brought to the premises by the purchaser or furnished by the licensee and

filled at the tap at the time of sale, provided that: (i) Each additional location has been approved by the board under RCW 66.24.010; (ii) the total number of additional locations does not exceed four; (iii) a winery may not act as a distributor at any such additional location; and (iv) any person selling or serving wine at an additional location for on-premises consumption must obtain a class 12 or class 13 alcohol server permit. Each additional location is deemed to be part of the winery license for the purpose of this title. At additional locations operated by multiple wineries under this section, if the board cannot connect a violation of RCW 66.44.200 or 66.44.270 to a single licensee, the board may hold all licensees operating the additional location jointly liable. Nothing in this subsection may be construed to prevent a domestic winery from holding multiple domestic winery licenses.

(b) A customer of a domestic winery may remove from the premises of the domestic winery or from a tasting room location approved under (a) of this subsection, recorked or recapped in its original container, any portion of wine purchased for on-premises consumption.

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

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

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

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

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

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

(g) For the purposes of this subsection:

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

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

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

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

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

(E) No vendor is a franchisee.

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

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

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

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

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

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

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

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

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

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

(f) The domestic winery is entitled to all proceeds from the sale and delivery of its wine to a consumer after the conclusion of the

special occasion event, but may enter into an agreement to share a portion of the proceeds of these sales with the special occasion licensee licensed under RCW 66.24.380. [2022 c 116 § 9; 2021 c 6 § 3; 2019 c 169 § 1; 2017 c 238 § 1; 2016 c 235 § 1. Prior: 2014 c 105 § 1; 2014 c 27 § 1; 2013 c 238 § 2; 2009 c 373 § 4; (2011 c 62 § 2 expired December 1, 2012); 2008 c 41 § 5; 2007 c 16 § 2; 2006 c 302 § 1; 2003 c 44 § 1; 2000 c 141 § 1; 1997 c 321 § 3; 1991 c 192 § 2; 1982 c 85 § 4; 1981 1st ex.s. c 5 § 31; 1939 c 172 § 1 (23C); 1937 c 217 § 1 (23C) (adding new section 23-C to 1933 ex.s. c 62); RRS § 7306-23C. Formerly RCW 66.24.170, 66.24.180, and 66.24.190.]

**Expiration date—2022 c 116 §§ 2-20:** See note following RCW 66.24.420.

**Effective date—Finding—Intent—2022 c 116:** See notes following RCW 66.24.420.

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Expiration date—2011 c 62:** "This act expires December 1, 2012." [2011 c 62 § 5.]

**Effective date—2006 c 302:** "Except for sections 10 and 12 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect April 14, 2006." [2006 c 302 § 16.]

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**Effective date—1981 1st ex.s. c 5:** See RCW 66.98.100.

**RCW 66.24.170 Domestic winery license—Winery as distributor and/or retailer of own wine—Off-premises samples—Domestic wine made into sparkling wine—Sales at qualifying farmers markets. (Effective December 31, 2023.)** (1) (a) There is a license for domestic wineries; fee to be computed only on the liters manufactured: Less than two hundred fifty thousand liters per year, one hundred dollars per year; and two hundred fifty thousand liters or more per year, four hundred dollars per year.

(b) The annual fees in (a) of this subsection are waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1) (b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1) (b).

(c) The waivers in (b) of this subsection do not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to

perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

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

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

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

(b) A customer of a domestic winery may remove from the premises of the domestic winery or from a tasting room location approved under (a) of this subsection, recorked or recapped in its original container, any portion of wine purchased for on-premises consumption.

(5) (a) A domestic winery licensed under this section may apply to the board for an endorsement to sell wine of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars. An

endorsement issued pursuant to this subsection does not count toward the four additional retail locations limit specified in this section.

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

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

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

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

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

(g) For the purposes of this subsection:

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

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

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

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



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

(E) No vendor is a franchisee.

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

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

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

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

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

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

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

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

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

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

(f) The domestic winery is entitled to all proceeds from the sale and delivery of its wine to a consumer after the conclusion of the special occasion event, but may enter into an agreement to share a portion of the proceeds of these sales with the special occasion licensee licensed under RCW 66.24.380. [2021 c 6 § 3; 2019 c 169 § 1; 2017 c 238 § 1; 2016 c 235 § 1. Prior: 2014 c 105 § 1; 2014 c 27 § 1; 2013 c 238 § 2; 2009 c 373 § 4; (2011 c 62 § 2 expired December 1, 2012); 2008 c 41 § 5; 2007 c 16 § 2; 2006 c 302 § 1; 2003 c 44 § 1; 2000 c 141 § 1; 1997 c 321 § 3; 1991 c 192 § 2; 1982 c 85 § 4; 1981 1st ex.s. c 5 § 31; 1939 c 172 § 1 (23C); 1937 c 217 § 1 (23C) (adding new section 23-C to 1933 ex.s. c 62); RRS § 7306-23C. Formerly RCW 66.24.170, 66.24.180, and 66.24.190.]

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Expiration date—2011 c 62:** "This act expires December 1, 2012." [2011 c 62 § 5.]

**Effective date—2006 c 302:** "Except for sections 10 and 12 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government

and its existing public institutions, and takes effect April 14, 2006." [2006 c 302 § 16.]

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**Effective date—1981 1st ex.s. c 5:** See RCW 66.98.100.

**RCW 66.24.185 Bonded wine warehouse storage license—**

**Qualifications and requirements—Fee.** (1) There shall be a license for bonded wine warehouses which shall authorize the storage and handling of bottled wine. Under this license a licensee may maintain a warehouse for the storage of wine off the premises of a winery.

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

(3) All bottled wine shipped to a bonded wine warehouse from a winery or another bonded wine warehouse shall remain under bond and no tax imposed under RCW 66.24.210 shall be due, unless the wine is removed from bond and shipped to a licensed Washington wine distributor. Wine may be removed from a bonded wine warehouse only for the purpose of being (a) exported from the state, (b) shipped to a licensed Washington wine distributor, (c) returned to a winery or bonded wine warehouse, or [(d)] shipped to a consumer pursuant to RCW 66.20.360 through 66.20.390.

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

(5) A license applicant shall hold a federal permit for a bonded wine cellar and may be required to post a continuing wine tax bond of such an amount and in such a form as may be required by the board prior to the issuance of a bonded wine warehouse license. The fee for this license shall be one hundred dollars per annum.

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

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

(8) Handling of bottled wine, as provided for in this section, includes packaging and repackaging services; bottle labeling services; creating baskets or variety packs that may or may not include nonwine products; and picking, packing, and shipping wine orders direct to consumer. A winery contracting with a bonded wine warehouse for handling bottled wine must comply with all applicable state and federal laws and shall be responsible for financial transactions in direct to consumer shipping activities. [2008 c 41 § 4; 1999 c 281 § 4; 1997 c 321 § 4; 1984 c 19 § 1.]

**\*Reviser's note:** The "state liquor control board" was renamed the "state liquor and cannabis board" by 2015 c 70 § 3.

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**RCW 66.24.240 Domestic brewery's license—Fee. (Effective until December 31, 2023.)** (1)(a) There shall be a license for domestic breweries; fee to be \$1,000 for production of sixty thousand barrels or more of malt liquor per year.

(b) The annual fee in (a) of this subsection is waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1)(b).

(c) The waiver in (b) of this subsection does not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

(2) Any domestic brewery, except for a brand owner of malt beverages under RCW 66.04.010(7), licensed under this section may also act as a distributor and/or retailer for beer of its own production. Any domestic brewery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers. A domestic brewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

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

(4) A domestic brewery may hold up to four retail licenses to operate an on or off-premises tavern, beer and/or wine restaurant, spirits, beer, and wine restaurant, or any combination thereof. This retail license is separate from the brewery license. A brewery that holds a tavern license, a spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

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

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

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

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

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

(e) Before a domestic brewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any domestic brewery with an endorsement approved under this subsection to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved domestic brewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved domestic brewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection (6) (e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

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

(g) For the purposes of this subsection:

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

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

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

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

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

(E) No vendor is a franchisee.

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

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

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

(7) The state board of health shall adopt rules to allow dogs on the premises of licensed domestic breweries that do not provide food service subject to a food service permit requirement. [2022 c 116 § 10; 2021 c 6 § 4; 2020 c 230 § 1. Prior: 2011 c 195 § 6; 2011 c 119 § 212; 2008 c 41 § 7; (2008 c 41 § 6 expired June 30, 2008); 2007 c 370 § 7; (2007 c 370 § 6 expired June 30, 2008); prior: 2006 c 302 § 2; 2006 c 44 § 1; 2003 c 154 § 1; 2000 c 142 § 2; 1997 c 321 § 11; 1985 c 226 § 1; 1982 c 85 § 5; 1981 1st ex.s. c 5 § 13; 1937 c 217 § 1 (23B) (adding new section 23-B to 1933 ex.s. c 62); RRS § 7306-23B.]

**Expiration date—2022 c 116 §§ 2-20:** See note following RCW 66.24.420.

**Effective date—Finding—Intent—2022 c 116:** See notes following RCW 66.24.420.

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Effective date—2008 c 41 §§ 7 and 9:** "Sections 7 and 9 of this act take effect June 30, 2008." [2008 c 41 § 15.]

**Expiration date—2008 c 41 §§ 6 and 8:** "Sections 6 and 8 of this act expire June 30, 2008." [2008 c 41 § 14.]

**Effective date—2007 c 370 §§ 5 and 7:** See note following RCW 66.24.244.

**Expiration date—2007 c 370 §§ 4 and 6:** See note following RCW 66.24.244.

**Effective date—2006 c 302:** See note following RCW 66.24.170.

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**Effective date—1981 1st ex.s. c 5:** See RCW 66.98.100.

**RCW 66.24.240 Domestic brewery's license—Fee. (Effective December 31, 2023.)** (1)(a) There shall be a license for domestic breweries; fee to be two thousand dollars for production of sixty thousand barrels or more of malt liquor per year.

(b) The annual fee in (a) of this subsection is waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1)(b).

(c) The waiver in (b) of this subsection does not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

(2) Any domestic brewery, except for a brand owner of malt beverages under RCW 66.04.010(7), licensed under this section may also act as a distributor and/or retailer for beer of its own production. Any domestic brewery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers. A domestic brewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

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

(4) A domestic brewery may hold up to four retail licenses to operate an on or off-premises tavern, beer and/or wine restaurant, spirits, beer, and wine restaurant, or any combination thereof. This retail license is separate from the brewery license. A brewery that holds a tavern license, a spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license shall hold the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

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

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

(b) For each month during which a domestic brewery will sell beer at a qualifying farmers market, the domestic brewery must provide the board or its designee a list of the dates, times, and locations at

which bottled beer may be offered for sale. This list must be received by the board before the domestic brewery may offer beer for sale at a qualifying farmers market.

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

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

(e) Before a domestic brewery may sell bottled beer at a qualifying farmers market, the farmers market must apply to the board for authorization for any domestic brewery with an endorsement approved under this subsection to sell bottled beer at retail at the farmers market. This application shall include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved domestic brewery may sell bottled beer; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled beer may be sold. Before authorizing a qualifying farmers market to allow an approved domestic brewery to sell bottled beer at retail at its farmers market location, the board shall notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection (6)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

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

(g) For the purposes of this subsection:

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

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

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

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

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

(E) No vendor is a franchisee.

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

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



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

(7) The state board of health shall adopt rules to allow dogs on the premises of licensed domestic breweries that do not provide food service subject to a food service permit requirement. [2021 c 6 § 4; 2020 c 230 § 1. Prior: 2011 c 195 § 6; 2011 c 119 § 212; 2008 c 41 § 7; (2008 c 41 § 6 expired June 30, 2008); 2007 c 370 § 7; (2007 c 370 § 6 expired June 30, 2008); prior: 2006 c 302 § 2; 2006 c 44 § 1; 2003 c 154 § 1; 2000 c 142 § 2; 1997 c 321 § 11; 1985 c 226 § 1; 1982 c 85 § 5; 1981 1st ex.s. c 5 § 13; 1937 c 217 § 1 (23B) (adding new section 23-B to 1933 ex.s. c 62); RRS § 7306-23B.]

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Effective date—2008 c 41 §§ 7 and 9:** "Sections 7 and 9 of this act take effect June 30, 2008." [2008 c 41 § 15.]

**Expiration date—2008 c 41 §§ 6 and 8:** "Sections 6 and 8 of this act expire June 30, 2008." [2008 c 41 § 14.]

**Effective date—2007 c 370 §§ 5 and 7:** See note following RCW 66.24.244.

**Expiration date—2007 c 370 §§ 4 and 6:** See note following RCW 66.24.244.

**Effective date—2006 c 302:** See note following RCW 66.24.170.

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**Effective date—1981 1st ex.s. c 5:** See RCW 66.98.100.

**RCW 66.24.244 Microbrewery's license—Fee. (Effective until December 31, 2023.)**

(1)(a) There shall be a license for microbreweries; fee to be \$50 for production of less than sixty thousand barrels of malt liquor, including strong beer, per year.

(b) The annual fee in (a) of this subsection is waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1)(b).

(c) The waiver in (b) of this subsection does not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

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

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

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

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

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

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

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

(b) Cider produced by a domestic winery.

(4) The board may issue up to four retail licenses allowing a microbrewery to operate an on or off-premises tavern, beer and/or wine restaurant, spirits, beer, and wine restaurant, or any combination thereof.

(5) A microbrewery that holds a tavern license, spirits, beer, and wine restaurant license, or a beer and/or wine restaurant license

holds the same privileges and endorsements as permitted under RCW 66.24.320, 66.24.330, and 66.24.420.

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) The state board of health shall adopt rules to allow dogs on the premises of licensed microbreweries that do not provide food service subject to a food service permit requirement. [2022 c 116 § 11; 2021 c 6 § 5; 2020 c 230 § 2; 2015 c 42 § 1; 2014 c 105 § 3; 2013 c 238 § 3; 2011 c 195 § 5; (2011 c 62 § 3 expired December 1, 2012). Prior: 2008 c 248 § 2; (2008 c 248 § 1 expired June 30, 2008); 2008 c 41 § 9; (2008 c 41 § 8 expired June 30, 2008); prior: 2007 c 370 § 5; (2007 c 370 § 4 expired June 30, 2008); 2007 c 222 § 2; (2007 c 222 § 1 expired June 30, 2008); 2006 c 302 § 3; 2006 c 44 § 2; prior: 2003 c 167 § 1; 2003 c 154 § 2; 1998 c 126 § 3; 1997 c 321 § 12.]

**Expiration date—2022 c 116 §§ 2-20:** See note following RCW 66.24.420.

**Effective date—Finding—Intent—2022 c 116:** See notes following RCW 66.24.420.

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Expiration date—2011 c 62:** See note following RCW 66.24.170.

**Effective date—2008 c 248 § 2:** "Section 2 of this act takes effect June 30, 2008." [2008 c 248 § 4.]

**Expiration date—2008 c 248 § 1:** "Section 1 of this act expires June 30, 2008." [2008 c 248 § 3.]

**Effective date—2008 c 41 §§ 7 and 9:** See note following RCW 66.24.240.

**Expiration date—2008 c 41 §§ 6 and 8:** See note following RCW 66.24.240.

**Effective date—2007 c 370 §§ 5 and 7:** "Sections 5 and 7 of this act take effect June 30, 2008." [2007 c 370 § 22.]

**Expiration date—2007 c 370 §§ 4 and 6:** "Sections 4 and 6 of this act expire June 30, 2008." [2007 c 370 § 21.]

**Effective date—2007 c 222 § 2:** "Section 2 of this act takes effect June 30, 2008." [2007 c 222 § 5.]

**Expiration date—2007 c 222 § 1:** "Section 1 of this act expires June 30, 2008." [2007 c 222 § 4.]

**Effective date—2006 c 302:** See note following RCW 66.24.170.

**Effective date—2003 c 167:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 c 167 § 14.]

**Report to legislature—2003 c 167:** See note following RCW 66.24.250.

**Effective date—1998 c 126:** See note following RCW 66.20.010.

**Effective date—1997 c 321:** See note following RCW 66.24.010.

**RCW 66.24.244 Microbrewery's license—Fee. (Effective December 31, 2023.)** (1)(a) There shall be a license for microbreweries; fee to be one hundred dollars for production of less than sixty thousand barrels of malt liquor, including strong beer, per year.

(b) The annual fee in (a) of this subsection is waived during the 12-month period beginning with the second calendar month after February 28, 2021, for:

(i) Licenses that expire during the 12-month waiver period under this subsection (1)(b); and

(ii) Licenses issued to persons previously licensed under this section at any time during the 12-month period prior to the 12-month waiver period under this subsection (1)(b).

(c) The waiver in (b) of this subsection does not apply to any licensee that:

(i) Had their license suspended by the board for health and safety violations of state COVID-19 guidelines; or

(ii) Received an order of immediate restraint or citation from the department of labor and industries for allowing an employee to perform work where business activity was prohibited in violation of an emergency proclamation of the governor under RCW 43.06.220.

(d) Upon request of the department of revenue, the board and the department of labor and industries must both provide a list of persons that they have determined to be ineligible for a fee waiver under (b) of this subsection for the reasons described in (c) of this subsection. Unless otherwise agreed, any list must be received by the department of revenue no later than 15 calendar days after the request is made.

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

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

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

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

(c) A microbrewery holding a spirits, beer, and wine restaurant license may sell beer of its own production for off-premises consumption from its restaurant premises in kegs or in a sanitary

container brought to the premises by the purchaser or furnished by the licensee and filled at the tap by the licensee at the time of sale.

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

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

(b) Cider produced by a domestic winery.

(4) The board may issue up to four retail licenses allowing a microbrewery to operate an on or off-premises tavern, beer and/or wine restaurant, spirits, beer, and wine restaurant, or any combination thereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) The state board of health shall adopt rules to allow dogs on the premises of licensed microbreweries that do not provide food service subject to a food service permit requirement. [2021 c 6 § 5; 2020 c 230 § 2; 2015 c 42 § 1; 2014 c 105 § 3; 2013 c 238 § 3; 2011 c 195 § 5; (2011 c 62 § 3 expired December 1, 2012). Prior: 2008 c 248 § 2; (2008 c 248 § 1 expired June 30, 2008); 2008 c 41 § 9; (2008 c 41 § 8 expired June 30, 2008); prior: 2007 c 370 § 5; (2007 c 370 § 4 expired June 30, 2008); 2007 c 222 § 2; (2007 c 222 § 1 expired June 30, 2008); 2006 c 302 § 3; 2006 c 44 § 2; prior: 2003 c 167 § 1; 2003 c 154 § 2; 1998 c 126 § 3; 1997 c 321 § 12.]

**Effective date—2021 c 6:** See note following RCW 66.24.140.

**Expiration date—2011 c 62:** See note following RCW 66.24.170.

**Effective date—2008 c 248 § 2:** "Section 2 of this act takes effect June 30, 2008." [2008 c 248 § 4.]

**Expiration date—2008 c 248 § 1:** "Section 1 of this act expires June 30, 2008." [2008 c 248 § 3.]

**Effective date—2008 c 41 §§ 7 and 9:** See note following RCW 66.24.240.

**Expiration date—2008 c 41 §§ 6 and 8:** See note following RCW 66.24.240.

**Effective date—2007 c 370 §§ 5 and 7:** "Sections 5 and 7 of this act take effect June 30, 2008." [2007 c 370 § 22.]

**Expiration date—2007 c 370 §§ 4 and 6:** "Sections 4 and 6 of this act expire June 30, 2008." [2007 c 370 § 21.]

**Effective date—2007 c 222 § 2:** "Section 2 of this act takes effect June 30, 2008." [2007 c 222 § 5.]

**Expiration date—2007 c 222 § 1:** "Section 1 of this act expires June 30, 2008." [2007 c 222 § 4.]

**Effective date—2006 c 302:** See note following RCW 66.24.170.

**Effective date—2003 c 167:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2003." [2003 c 167 § 14.]

**Report to legislature—2003 c 167:** See note following RCW 66.24.250.

**Effective date—1998 c 126:** See note following RCW 66.20.010.

**Effective date—1997 c 321:** See note following RCW 66.24.010.



**RCW 66.24.695 Bonded and nonbonded spirits warehouse license.**

(1) There shall be a bonded and nonbonded spirits warehouse license for spirits warehouses that authorizes the storage and handling of bonded bulk spirits and, to the extent allowed under federal law and under rules adopted by the board, bottled spirits and the storage of tax-paid spirits not in bond. Under this license a licensee may maintain a warehouse for the storage of federally authorized spirits off the premises of a distillery for distillers qualified under RCW 66.24.140, 66.24.145, or 66.24.150, or entities otherwise licensed and permitted in this state, or bulk spirits transferred in bond from out-of-state distilleries and, to the extent allowed by federal law and under rules adopted by the board, bottled spirits, if the storage of the federally authorized spirits transferred into the state is for storage only and not for processing or bottling in the bonded spirits warehouse. A licensee must designate clearly in its license application to the board the sections of the warehouse that are bonded and nonbonded with a physical separation between such spaces. Only spirits in bond may be stored in the bonded sections of the warehouse and only spirits that have been removed from bond tax-paid may be stored in nonbonded areas of the warehouse. The proprietor of the warehouse must maintain a plan for tracking spirits being stored in the warehouse to ensure compliance with relevant bonding and tax obligations.

(2) The board must adopt similar qualifications for a spirits warehouse licensed under this section as required for obtaining a distillery license as specified in RCW 66.24.140, 66.24.145, and 66.24.150. A licensee must be a sole proprietor, a partnership, a limited liability company, a corporation, a port authority, a city, a county, or any other public entity or subdivision of the state that elects to license a bonded spirits warehouse as an agricultural or economic development activity. One or more domestic distilleries or manufacturers may operate as a partnership, corporation, business co-op, cotenant, or agricultural co-op for the purpose of obtaining a bonded and nonbonded spirits warehouse license or storing spirits in the facility under a common management and oversight agreement free of charge or for a fee.

(3) Spirits in bond may be removed from a bonded spirits warehouse for the purpose of being:

(a) Exported from the state;

(b) Returned to a distillery or spirits warehouse licensed under this section; or

(c) Transferred to a distillery, spirits warehouse licensed under this section, or a licensed bottling or packaging facility.

(4) Bottled spirits that are being removed from a spirits warehouse licensed under this section tax-paid may be:

(a) Transferred back to the distillery that produced them;

(b) Shipped to a licensed Washington spirits distributor;

(c) Shipped to a licensed Washington spirits retailer;

(d) Exported from the state; or

(e) Removed for direct shipping to a consumer pursuant to RCW 66.20.410.

(5) The ownership and operation of a spirits warehouse facility licensed under this section may be by a person or entity other than those described in this section acting in a commercial warehouse management position under contract for such licensed persons or entities on their behalf.

(6) A license applicant must demonstrate the right to have warehoused spirits under a valid federal permit held by a licensee who maintains ownership and title to the spirits while they are in storage in the spirits warehouse licensed under this section. The fee for this license is one hundred dollars per year.

(7) The board must adopt rules requiring a spirits warehouse licensed under this section to be physically secure, zoned for the intended use, and physically separated from any other use.

(8) The operator or licensee operating a spirits warehouse licensed under this section must submit to the board a monthly report of movement of spirits to and from a warehouse licensed under this section in a form prescribed by the board. The board may adopt other necessary procedures by which such warehouses are licensed and regulated.

(9) The board may require a single annual permit valid for a full calendar year issued to each licensee or entity warehousing spirits under this section that allows for unlimited transfers to and from such warehouse within that year. The fee for this permit is one hundred dollars per year.

(10) Handling of bottled spirits that have been removed from bond tax-paid and that reside in the spirits warehouse licensed under this section includes packaging and repackaging services; bottle labeling services; creating baskets or variety packs that may or may not include nonspirits products; and picking, packing, and shipping spirits orders on behalf of a licensed distillery direct to consumers in accordance with RCW 66.20.410. A distillery contracting with the operator of a spirits warehouse licensed under this section for handling bottled spirits must comply with all applicable state and federal laws and is responsible for financial transactions in direct to consumer shipping activities. [2017 c 229 § 1.]

**WAC 314-20-055 Microbrewery warehouse license.** (1) A licensee holding a microbrewery license under RCW 66.24.244 and acting as a distributor of its own products may apply for a microbrewery warehouse license. There is no fee for this license.

(2) A microbrewery warehouse is a premises located off the microbrewery premises that is used for the storage of their own bulk beer, finished product, and distribution of the microbrewery's own products.

(3) There may be no retail sales from the microbrewery warehouse.

(4) Microbreweries may not share warehouse space.

[Statutory Authority: RCW 66.24.170, 66.24.640, 66.24.695, and 66.08.030. WSR 18-02-006, § 314-20-055, filed 12/20/17, effective 1/20/18. Statutory Authority: RCW 66.08.030, 66.24.240, 66.24.244. WSR 09-02-009, § 314-20-055, filed 12/29/08, effective 1/29/09.]

**WAC 314-24-107 Winery warehouse license.** (1) A licensee holding a domestic winery license under RCW 66.24.170 and acting as a distributor of its own products may apply for a winery warehouse license. There is no fee for this license.

(2) A winery warehouse is a premises located off the winery premises that is used for the storage of bulk wine and the distribution of the winery's own products. Storage of bulk wine may require a federal registry number.

(3) No part of the production process may take place at the winery warehouse premises.

(4) There may be no retail sales from the winery warehouse premises.

(5) The winery warehouse must be approved by the board under RCW 66.24.010 and the number of warehouses off the winery premises may not exceed one.

[Statutory Authority: RCW 66.08.030 and 66.28.320. WSR 10-01-090, § 314-24-107, filed 12/16/09, effective 1/16/10.]

**WAC 314-24-220 Licensing and operation of bonded wine ware-**

**houses.** (1) There shall be a license for bonded wine warehouses pursuant to RCW 66.24.185, and this type of license shall be known as a bonded wine warehouse licensee. Applications for a bonded wine warehouse license shall be on forms prescribed by the board and shall be accompanied by such information as the board may request including, but not limited to, a written description of the proposed method of shipping, receiving, inventory control, and security.

(2) The bonded wine warehouse shall be physically separated from any other use in such manner as prescribed by the board, and as a condition of license approval, the applicant must furnish the board appropriate documentation indicating the location of the bonded wine warehouse is properly zoned for the intended use.

(3) A bonded wine warehouse may provide storage for a domestic winery, for another bonded wine warehouse, and for a certificate of approval holder. The Washington wine tax provided in RCW 66.24.210 shall not be due until the wine is removed from bond and shipped to a licensed Washington wine distributor.

(4) Every bonded wine warehouse licensee shall have on file and available for inspection records of all wine transactions, including receipts and shipments of wine and the total inventory on hand at the bonded warehouse for a period of three years.

(5) Removals of wine from a bonded wine warehouse may be made only for shipment:

- (a) To a licensed independent Washington wine distributor;
- (b) To another licensed bonded wine warehouse;
- (c) Out-of-state;
- (d) For return to the producing winery;
- (e) To a producing domestic winery licensee; or
- (f) Directly to a consumer.

(i) For purposes of this section, "producing domestic winery licensee" means the licensed Washington winery that produced the wine and its licensed agents.

(ii) For purposes of this section, a "licensed agent" shall be an accredited representative, licensed pursuant to chapter 314-44 WAC, of only one producing domestic winery at the time of removal by such agent.

(6) A producing domestic winery licensee may take possession of wine from a bonded wine warehouse, after accepting an order therefor, and deliver the wine to a purchasing retail or special occasion licensee only by transporting the wine directly from the bonded wine warehouse to the licensed premises of the purchasing retail or special occasion licensee; provided, however, that in no event may a producing domestic winery licensee remove, in the aggregate, during any one calendar year, more than two thousand cases of wine for delivery directly to retail and special occasion licensees. Producing domestic winery licensees shall maintain records of removals and deliveries of wine from bonded wine warehouses and shall file with the liquor and cannabis board annually reports of the quantity of wine removed and delivered directly to retail and special occasion licensees. Invoicing shall be by the titleholder. The titleholder shall report shipments to, and returns from the bonded wine warehouse and sales to Washington wine distributors, and/or the liquor and cannabis board on the twentieth day of the month following the month of shipment and/or sale on forms furnished by, or acceptable to, the board.

(7) At no time shall title to wine stored at the bonded wine warehouse pass to the operator of the bonded wine warehouse.

(8) "Storage and handling of bottled wine" as used in RCW 66.24.185(1) shall mean the storage and handling of wine packaged for sale at retail (i.e., other than in bulk form).

(9) Any winery contracting with a bonded wine warehouse for direct shipments to consumers must accept and process the orders and payments. This includes, but is not limited to, in-person, mail, telephone, and internet orders and payments. Only a winery licensee or a winery licensee's employees may accept and process such orders and payments. A contractor may not do so on behalf of a winery licensee.

(10) A bonded wine warehouse may not accept orders and payments from consumers for direct shipments.

[Statutory Authority: RCW 66.24.170, 66.24.640, 66.24.695, and 66.08.030. WSR 18-02-006, § 314-24-220, filed 12/20/17, effective 1/20/18. Statutory Authority: RCW 66.08.030. WSR 09-02-010, § 314-24-220, filed 12/29/08, effective 1/29/09. Statutory Authority: RCW 66.08.030, 2004 c 160. WSR 04-24-097, § 314-24-220, filed 12/1/04, effective 1/1/05. Statutory Authority: RCW 66.08.030, 15.88.030, 19.126.020, 66.04.010, 66.08.180, 66.16.100, 66.20.010, 66.20.300, 66.20.310, 66.24.150, 66.24.170, 66.24.185, 66.24.200, 66.24.206, 66.24.210, 66.24.230, 66.24.240, 66.24.244, 66.24.250, 66.24.375, 66.24.380, 66.24.395, 66.24.400, 66.24.420, 66.24.425, 66.24.440, 66.24.450, 66.24.455, 66.24.495, 66.24.540, 66.28.010, 66.28.040, 66.28.050, 66.28.170, 66.28.180, 66.28.190, 66.28.200, 66.28.310, 66.44.190, 66.44.310, 66.98.060 and 82.08.150. WSR 98-18-097, § 314-24-220, filed 9/2/98, effective 10/3/98. Statutory Authority: RCW 66.08.030 and 66.24.185. WSR 96-11-076, § 314-24-220, filed 5/13/96, effective 6/13/96; WSR 85-24-042 (Order 170, Resolution No. 179), § 314-24-220, filed 11/27/85. Statutory Authority: RCW 66.24.185, 66.08.030 and 66.98.070. WSR 85-10-029 (Order 158, Resolution No. 167), § 314-24-220, filed 4/24/85.]

**WAC 314-28-220 Bonded and nonbonded spirits warehouse.** (1)

There shall be a license that allows the storage and handling of bonded bulk spirits and, to the extent allowed under federal law, bottled spirits and the storage of tax-paid spirits not in bond. The licensee is allowed to store spirits of a distillery, craft distillery or manufacturer.

(2) Spirits in bond (bulk) may be removed from a bonded spirits warehouse for the purpose of being:

(a) Exported from the state;

(b) Returned to a distillery or spirits warehouse licensed under this section; or

(c) Transferred to a distillery, spirits warehouse licensed under this section, or a licensed bottling or packaging facility.

(3) Bottled spirits that are being removed from a spirits warehouse licensed under this section tax-paid may be:

(a) Transferred back to the distillery that produced them;

(b) Shipped to a licensed Washington spirits distributor;

(c) Shipped to a licensed Washington spirits retailer;

(d) Exported from the state; or

(e) Removed for direct shipping to a consumer pursuant to RCW 66.20.410.

(4) Handling of bottled spirits that have been removed from bond tax-paid and that reside in the spirits warehouse includes:

(a) Packaging and repackaging services;

(b) Bottle labeling services;

(c) Creating baskets or variety packs that may or may not include nonspirits products; and

(d) Picking, packing, and shipping spirits orders on behalf of a licensed distillery direct to consumers in accordance with RCW 66.20.410.

A distillery contracting with the operator of a spirits warehouse licensed under this section for handling bottled spirits must comply with all applicable state and federal laws and is responsible for financial transactions in direct to consumer shipping activities.

(5) The license applicant must demonstrate:

(a) The right to have warehoused spirits under a valid federal permit held by the distiller, craft distillery, or manufacturer who maintains ownership and title to the spirits while they are in storage;

(b) The location is physically secure;

(c) Zoned for the intended use; and

(d) Physically separated from any other use.

(6) A licensee must be a sole proprietor, a partnership, a limited liability company, a corporation, a port authority, a city, a county, or any other public entity or subdivision of the state that elects to license a bonded spirits warehouse as an agricultural or economic development activity. One or more domestic distilleries or manufacturers may operate as a partnership, corporation, business co-op, cotenant, or agricultural co-op for the purpose of obtaining a bonded and nonbonded spirits warehouse license or storing spirits in the facility under a common management and oversight agreement free of charge or for a fee.

(7) The ownership and operation of a spirits warehouse facility licensed under this section may be by a person or entity other than those described in this section acting in a commercial warehouse management position under contract for such licensed persons or entities on their behalf.

(8) A licensee must designate clearly in its license application to the board the sections of the warehouse that are bonded and nonbonded with a physical separation between such spaces, be physically secure, zoned for the intended use, and physically separated from any other use.

(9) The proprietor of the warehouse must maintain a plan for tracking spirits being stored in the warehouse to ensure compliance with relevant bonding and tax obligations.

[Statutory Authority: RCW 66.24.170, 66.24.640, 66.24.695, and 66.08.030. WSR 18-02-006, § 314-28-220, filed 12/20/17, effective 1/20/18.]