

FINAL BILL REPORT

ESB 6661

C 330 L 06

Synopsis as Enacted

Brief Description: Establishing the Washington beer commission.

Sponsors: Senators Rasmussen, Esser, Jacobsen, Schoesler and Kohl-Welles.

Senate Committee on Agriculture & Rural Economic Development
House Committee on Economic Development, Agriculture & Trade

Background: Twenty-four Washington commodity commissions have been created to promote or conduct research regarding fruit and fruit products (the Apple, Blueberry, Cranberry, Fruit, Raspberry, Strawberry, Tree Fruit Research, and Wine commissions), various vegetable and other field crops (the Asparagus, Barley, Dry Pea & Lentil, Hop, Mint, Potato, and Wheat commissions), seeds and bulbs (the Alfalfa Seed, Bulb, Rapeseed, Seed Potato, and Turfgrass Seed commissions), and animal husbandry and aquaculture (the Beef, Dairy Products, Fryer, and Puget Sound Salmon commissions).

Most commodity commissions were formed after affected producers assented in a referendum process. They are governed by boards made up of affected producers, with oversight by the Washington State Department of Agriculture (WSDA). To fund activities, all commissions levy assessments upon affected producers.

The state Wine Commission was established in 1987 to promote Washington wine. It is suggested that a similar commission be created to promote Washington beer produced by microbrewers.

Summary: A Washington Beer Commission (Commission) may be created upon approval of "affected producers," who are Washington-licensed brewers producing less than 100,000 barrels annually per location. The Commission will promote and conduct research regarding Washington-produced beer, with oversight by the WSDA director. To fund its activities, the Commission is authorized to assess affected producers and to sell beer at beer festivals.

Creation. Five affected producers may petition WSDA for a referendum to approve formation of the Commission and to impose an assessment upon affected producers. The Commission will be created if at least 51 percent of participating affected producers assent and at least 30 percent of affected producers and 30 percent of production are represented in the vote. The WSDA director will appoint board members and direct the Commission to implement the assessment.

Administration. The Commission will consist of seven voting members: the WSDA director and six producers appointed by the director serving staggered three-year terms. Members must be at least 21, citizens and residents of Washington, and engaged in producing beer (i.e., deriving a substantial portion of income from beer production or having a substantial investment in production as owners, lessees, partners, managers, or executive officers).

Five members constitute a quorum. Members will elect a chair and officers. The Commission must provide for annual meetings to elect officers and transact other business, and may provide for additional meetings. Commission members and employees will be reimbursed for travel expenses.

The Commission will reimburse implementing costs incurred by WSDA. The WSDA director may provide staff support if a position is not directly funded by the Legislature and costs are related to commission activity.

The Commission will prepare an annually-updated address list of and production data concerning all affected producers.

The Commission will submit advertising, promotion, education, market research, and development projects to the WSDA director for approval. The WSDA director will review advertising or promotion programs to ensure that no false claims are made. The Commission will annually submit its research, education and training plans, and budget to the WSDA director for approval.

Funding: Assessments and Beer Sales. The Commission will levy an annual assessment of 10 cents per barrel produced by affected producers, up to 10,000 barrels per location. The Commission may reduce individual assessments based on in-kind contributions. The Commission will adopt administrative rules concerning payment and collection of assessments.

Beginning July 1, 2007, the Commission may fund its activities through sponsorship of up to 12 beer festivals annually, at which beer may be sold. The Commission qualifies for a special occasion license issued by the state Liquor Control Board (LCB).

Powers. The Commission may do all things reasonably necessary to effect its granted authority. It may:

- employ staff, contractors, and private legal counsel;
- receive donated beer for free dissemination at promotional hosting, beer tasting, and other promotional events;
- receive donated beer for fundraising purposes, which may be sold at beer festivals;
- participate in proceedings worldwide regarding beer production, regulation, distribution, sale, or use, including authorized lobbying;
- acquire and transfer property, establish offices, incur expenses, enter into contracts, create debt and other liabilities, maintain accounts, expend money, and keep financial records that are subject to audit by the State Auditor;
- disseminate information among affected producers and solicit their opinions concerning commission activities;
- enter into agreements with persons or entities to promote the industry and assist in selling and distributing Washington beer;
- sue and being sued; and
- serve as liaison with the LCB.

The Commission may create and conduct research, promotional, and educational campaigns to:

- establish Washington beer in markets worldwide;

- promote Washington breweries as tourist attractions;
- encourage favorable legislation, regulation and press coverage in markets worldwide;
- promote Washington hops, malting barley, and wheat; and
- foster economic conditions favorable to investment in Washington beer production.

Liability. Commission obligations and claims against the Commission will be enforced only against its assets. Members or employees may not be held individually responsible for their acts, except for dishonest or criminal acts. Members are state officers or volunteers entitled to benefits of laws governing actions against the state.

Records Exempt from Disclosure. Certain business, commission, and WSDA records relating to the Commission and affected producers are exempt from public disclosure. General statements based upon reports may be issued, as long as they do not identify information furnished by any person, and the name of any person violating applicable laws and the manner of violation may be published.

Enforcement. County and state law enforcement officers, the LCB and its agents, and WSDA employees will enforce commission statutes and other applicable law.

Nonprofit Organization. A nonprofit statewide organization of microbreweries (i.e., the Washington Brewers Guild) may obtain a special occasion liquor license to conduct up to six beer festivals until July 1, 2007.

Votes on Final Passage:

Senate	45	0	
House	95	3	(House amended)
Senate	40	0	(Senate concurred)

Effective: June 7, 2006
 July 1, 2006 (Section 26)