

HOUSE BILL REPORT

SHB 1429

As Passed House
March 9, 1993

Title: An act relating to exempting domestic wineries from chapter 20.01 RCW.

Brief Description: Exempting licensed domestic wineries from commission merchant requirements.

Sponsors: By House Committee on Agriculture & Rural Development (originally sponsored by Representatives Rayburn, Chandler, Orr and Lisk.)

Brief History:

Reported by House Committee on:

Agriculture & Rural Development, February 15, 1993, DPS;
Passed House, March 9, 1993, 98-0.

HOUSE COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Rayburn, Chair; Kremen, Vice Chair; Chandler, Ranking Minority Member; Schoesler, Assistant Ranking Minority Member; Chappell; Foreman; Grant; Karahalios; Lisk; and Roland.

Staff: Kenneth Hirst (786-7105).

Background: The state's commission merchant laws regulate the activities of persons who sell agricultural products on consignment or commission, accept agricultural products in trust for sale, negotiate the sale of agricultural products, or deal in agricultural products for resale or processing. Such persons are required to be licensed and bonded. However, a number of entities have been exempted from these requirements. Among those exempted are a cooperative marketing association dealing in the commodities of its members, a licensed nursery operator with respect to his or her operations as a licensee, and horse racing facilities with respect to operations regulated under state laws for horse racing.

Summary of Bill: The transactions of a domestic winery licensed under the state's liquor control laws, involving

agricultural products used in making wine are exempted from regulation under the commission merchant laws.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (1) The wine industry is well regulated under the liquor control laws; additional regulation under the commission merchant laws is not needed. (2) The licensing information available under the liquor laws provides growers with the financial information they need to make informed decisions. (3) Grower-winery contracts are very sophisticated; the growers protect their interests with UCC liens. Many growers are in a position to request pre-payment. (4) Wineries are substantial enterprises, not traders who leave town. (5) Nearly all of Washington's wine grapes are purchased by Washington wineries.

Testimony Against: None.

Witnesses: Simon Siegl, Washington Wine Institute (in favor); and Wade Wolfe, Washington Association of Wine Grape Growers (in favor).