

HOUSE BILL REPORT

HB 2452

As Reported By House Committee On:
Agriculture & Rural Development

Title: An act relating to shipments of wine.

Brief Description: Modifying provisions regarding shipping wine.

Sponsors: Representatives Rayburn, Lisk, Mastin, Chandler, Lemmon, Grant, Finkbeiner, Wineberry, Bray, Cothorn and Dyer.

Brief History:

Reported by House Committee on:
Agriculture & Rural Development, February 3, 1994, DPS.

HOUSE COMMITTEE ON AGRICULTURE & RURAL DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Rayburn, Chair; Kremen, Vice Chair; Chandler, Ranking Minority Member; Chappell; Grant; Karahalios; Lisk; McMorris and Roland.

Staff: Kenneth Hirst (786-7105).

Background: State law authorizes the delivery of wine from out-of-state licensed wineries directly to residents of this state if the laws of the other state grants Washington wineries reciprocal authority.

Such an out-of-state winery may ship for personal use and not for resale not more than two cases of wine of its own manufacture per year to any state resident 21 years of age or older. However, the out-of-state winery must first obtain a license from this state's Liquor Control Board before shipping wine into Washington. If an out-of-state person is licensed to make these reciprocal shipments but advertises or solicits consumers within this state to engage in such reciprocal shipments, the person's license is to be revoked.

Each case can contain no more than nine liters. The shipping container must be clearly labeled to indicate that the package cannot be delivered to a person under 21 years of age or to an intoxicated person.

Pickup, delivery, or acceptance of any container of wine that is shipped into this state from a person who is not licensed as required is subject to the imposition of civil penalties.

Summary of Substitute Bill: A provision of law is repealed which currently makes picking up or delivering wine that is shipped into this state from a person not licensed under the wine shipment reciprocity law a civil violation of the state's liquor control laws.

Substitute Bill Compared to Original Bill: Deleted from the original bill are the provisions which permit any individual or licensee (not just licensed out-of-state wineries) to deliver wine under the reciprocal wine shipping laws if the individual or licensee is in a state that affords Washington individuals and licensees reciprocal authority.

Fiscal Note: Available.

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

Testimony For: (1) Reciprocal wine shipments were common until a few years ago when United Parcel Service (UPS) decided this state's regulatory requirements were too great to participate in the shipping. The bill removes those obstacles. (2) Because this state's version of the reciprocal shipping law is more restrictive than those in other states, Washington is not considered to be a reciprocity state. The changes provided by the original bill will give this state's vintners direct access to consumer bases in other states. (3) Tourists often ask that a product be shipped to them or their local market when they return from a trip to Washington. This bill would allow this state's wineries to respond. (4) The bill will help small wineries get started by improving their ability to respond to tourists who want to ship the wine from the tasting room. These small wineries often have difficulty getting the attention of distributors in other states. (5) If 300,000 cases of wine are illegally shipped into the state annually under the current regulatory control, not much control is lost without the current program. (6) Wine specialty shops in Seattle cannot ship this state's products to visitors from other states.

Testimony Against: (1) The current law is not the problem; the problem is caused by a private carrier's interpretation of the law. Changes in the current program should be confined to addressing that problem. (2) If the current program is changed entirely, anyone can ship into the state,

including mail-order companies that specialize in products not produced in this state. (3) Wineries can ship out of their tasting rooms now. (4) Licenses for out-of-state wineries under the current program are free.

Witnesses: In Favor of Original Bill: Simon Siegl and Vicki Chiechi, Washington Wine Institute; JoAnn Fjellman, Associated Vintners; and Tom Hedges, Hedges Winery. Opposed to Original Bill: Dick Ducharme, Washington Beer and Wine Wholesalers Association; Carter Mitchell, Liquor Control Board; and Jan Gee, Washington Retail Association.