

# HOUSE BILL REPORT

## HB 1063

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As Reported By House Committee On:  
Agriculture & Rural Development  
Revenue

**Title:** An act relating to the Washington wine commission.

**Brief Description:** Modifying provisions regarding the Washington wine commission.

**Sponsors:** Representatives Rayburn, Chandler, Chappell, Grant, Roland, Ludwig, Riley, Padden, Hansen, Lemmon and Lisk.

**Brief History:**

Reported by House Committee on:  
Agriculture & Rural Development, January 25, 1993, DPS;  
Revenue, March 4, 1993, DPS(AG).

**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:** In 1987, the Legislature created the Washington Wine Commission to promote Washington wine and to serve other, related interests of those who grow wine grapes and produce wine in this state. The commission is composed of 11 voting members, five of whom are growers of vinifera grapes, five of whom are wine producers, and one of whom is a licensed wine wholesaler. The commission also has two nonvoting members: one wine producer whose principal products are produced from fruit other than vinifera grapes; and the director of the Department of Agriculture, or the director's designee.

The commission is funded, in part, by assessments on wine producers and growers of vinifera grapes. The commission also receives the revenues from a tax of 0.25 cents per liter on wine sold to wine wholesalers or to the state's Liquor Control Board. This tax expires on July 1, 1993.

As part of its promotional activities, the commission may purchase or receive donations of Washington wine. A state liquor license is not required for these activities of the commission.

**Summary of Substitute Bill:** The Washington Wine Commission may purchase or receive wines produced outside of this state for use in its promotional activities. The portion of the wine tax which is used to support the activities of the commission no longer expires on July 1, 1993. It now expires on July 1, 2001.

**Substitute Bill Compared to Original Bill:** An emergency clause and the July 1, 1993, effective date are added by the substitute bill.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effects July 1, 1993.

**Testimony For:** (1) The commission uses its funds selectively and has done a very effective job of promoting Washington wines and the wine industry of this state. It would lose one-third of its income if that part of the wine tax which helps fund the commission expires. (2) It is appropriate for the commission to have a more general source of income than its assessments on wine makers and grape growers because the commission benefits Washington broadly (e.g., with winery related tourism). (3) The wine commission's taste competitions and fairs promote comparison of this state's wines to out-of-state wines. Currently, a technical flaw in the law exempting the commission from liquor licensing requires the commission's and Liquor Control Board's staff to engage in cumbersome administrative activity to authorize the tastings and fairs under the liquor laws. This bill corrects the technical flaw.

**Testimony Against:** None.

**Witnesses:** Simon Siegl, Washington Wine Commission (in favor); John Anderson, Washington Wine Commission (in favor); Peggy Patterson, Washington Wine Commission (in favor); and Carter Mitchell, Liquor Control Board (in favor of section 1 which authorizes the commission to use out-of-state wine without obtaining a liquor license).

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#### HOUSE COMMITTEE ON REVENUE

**Majority Report:** The substitute bill by Committee on Agriculture & Rural Development be substituted therefor and

the substitute bill do pass. Signed by 16 members:  
Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman,  
Ranking Minority Member; Fuhrman, Assistant Ranking Minority  
Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero;  
Rust; Silver; Talcott; Thibaudeau; Van Loven; and Wang.

**Staff:** Rick Peterson (786-7150).

**Summary of Recommendation of Committee on Revenue Compared  
to Recommendation of Committee on Agriculture & Rural  
Development:** No new changes were recommended.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effects July 1, 1993.

**Testimony For:** The continued funding of the Wine Commission  
is necessary in order to expand our wineries. This industry  
is good for Washington's economy.

**Testimony Against:** None.

**Witnesses:** Representative Rayburn, prime sponsor (pro); and  
Brad Hoffman and Mary Jane Willard, Washington Wine  
Commission (pro).