

# HOUSE BILL REPORT

## HB 2657

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### As Passed Legislature

**Title:** An act relating to allowing a licensed distiller to hold a spirits, beer, and wine license.

**Brief Description:** Allowing a licensed distiller to hold a spirits, beer, and wine license.

**Sponsors:** Representatives B. Chandler, Conway, Clements and Wood.

### Brief History:

#### Committee Activity:

Commerce & Labor: 1/26/00, 2/2/00 [DP].

#### Floor Activity:

Passed House: 2/8/00, 97-0.

Passed Senate: 3/2/00, 44-2.

Passed Legislature.

### Brief Summary of Bill

- Allows, as an exception to the "tied-house" law, licensed distillers of spirituous liquor to hold a retail spirits, beer and wine restaurant license for a facility operated on the premises of the distillery.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 8 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk; McIntire and McMorris.

**Staff:** Pam Madson (786-7166).

### Background:

Under Washington's "tied-house" law, certain financial "ties" or business relationships are prohibited between alcohol retailers and alcohol manufacturers or distributors.

The purposes of the tied-house prohibitions are to prevent manufacturers and distributors from engaging in practices that induce retailers to sell certain alcohol products and exclude others and to inappropriately increase consumption.

One type of business relationship prohibited by the tied-house law is allowing licensed liquor manufacturers and distributors to also hold a retail liquor license. However, the law does allow a brewery or a winery to hold a spirits, beer and wine restaurant license for operation of a restaurant on the site of the brewery or winery or on contiguous property.

A distiller manufactures spirituous liquor products and must be licensed under the liquor laws.

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**Summary of Bill:**

An exception to the tied-house law is created to allow a licensed distiller to hold a spirits, beer and wine restaurant license for the operation of a restaurant on the site of the distillery or on contiguous property. This exception is similar to that granted to breweries and wineries.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** There are those seeking to create boutique distilleries, some specializing in producing liquors that use Washington agricultural products as a base. This type of operation will initially be high cost and low volume. It is important to get the public familiar with these new products. One way is by serving these products to customers in a restaurant setting. The bill allows serving these products by the glass in a licensed restaurant facility at the distillery location. Any product made by the distillery would still have to be sold through the Washington State Liquor Control Board and any use of the product by the distiller would require purchasing the product back from the board for use in the restaurant. Distillers are under much more scrutiny by the federal Bureau of Alcohol, Tobacco and Firearms than breweries and wineries. This is a less common endeavor and will attract only those serious about developing it. This represents equity among manufacturers as breweries and wineries have this option now. This is a very limited exception to the tied-house law.

**Testimony Against:** None.

**Testified:** Representative Bruce Chandler, prime sponsor; Crayne Horton; Rick Garza, Washington State Liquor Control Board; Dick Ducharme, Washington Beer and Wine Wholesalers Association; and Jim Halstrom, Joseph E. Segrams & Sons.