

# HOUSE BILL REPORT

## SSB 6655

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### As Reported by House Committee On:

Commerce & Labor

**Title:** An act relating to certificates of approval for authorized representatives of beer and wine manufacturers and distributors.

**Brief Description:** Regulating authorized representatives of beer and wine manufacturers and distributors.

**Sponsors:** Senate Committee on Commerce & Trade (originally sponsored by Senators Hewitt, Keiser and Rasmussen).

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/18/04, 2/26/04 [DPA].

#### Brief Summary of Substitute Bill (As Amended by House Committee)

- Enables marketing agents for breweries and wineries outside of Washington but within the United States to obtain a certificate of approval from the Liquor Control Board to sell beer or wine in Washington.
- Requires marketing agents for foreign breweries and wineries to obtain a certificate of approval to sell in Washington.
- Directs the Board to set the fee for a certificate of approval sufficient to cover the cost of administering the certificate of approval program.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Kenney and McCoy.

**Staff:** Susan Kavanaugh (786-7106).

### Background:

Breweries and wineries outside Washington but within the United States must have a certificate of approval from the Liquor Control Board (Board) to sell in Washington. The fee for this certificate is \$100 per year. In order to obtain a certificate, breweries and wineries agree to abide by all liquor control laws and rules, and, in addition, to submit a monthly report of sales. Certificate of approval holders, among others, must file their prices with the Board.

Breweries and wineries outside Washington often sell through authorized representatives, or marketing agents, who purchase the beer and wine and re-sell it to wholesalers or distributors in Washington. There is no provision in statute for marketing agents to obtain a certificate of approval. Thus, beer and wine produced in the United States, but outside Washington, can be sold in Washington only directly by the brewery or winery.

Marketing agents may sell wine and beer produced outside the United States to an importer or distributor in Washington without a certificate of approval.

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**Summary of Amended Bill:**

Authorized representatives for breweries and wineries outside of Washington, both within and outside of the United States, are required to obtain a certificate of approval from the Board to sell beer or wine in Washington.

The Board is directed to set the fee for a certificate of approval sufficient to cover the cost of the regulating certificate of approval holders.

Various prohibitions on and requirements for manufacturers (wineries and breweries), distributors, and importers are also applied to certificate of approval holders.

**Amended Bill Compared to Substitute Bill:**

The increase from \$100 to \$200 in the annual fee for a certificate of approval is deleted. The Board is directed to set the fee for the certificate of approval at a level sufficient to cover the cost of regulating certificate of approval holders.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect January 1, 2005.

**Testimony For:** The Board supports the bill and has worked with the industry on the language. The bill provides for greater uniformity in policy. The costs associated with

the bill are for upgrade of computers needed for electronic price posting, and for staffing. Costs are covered by the fee increase, and there is long-term positive net revenue. A quirk in current law prevents authorized representatives from selling domestic beer and wine in Washington. This quirk is an unintended consequence of a law passed in the 1970s that was aimed at preventing unauthorized representatives from selling in the state. The industry does not oppose the fee increase; it is consistent with other states.

**Testimony Against:** None.

**Persons Testifying:** Lorraine Lee, Liquor Control Board; and Bob Maxwell and Mike Burgess, National Association of Beverage Importers.

**Persons Signed In To Testify But Not Testifying:** None.