

FINAL BILL REPORT

SB 5994

C 59 L 03
Synopsis as Enacted

Brief Description: Removing suppliers and distributors of wine from the provisions of chapter 19.126 RCW.

Sponsors: Senators Hewitt, Reardon, Honeyford, Haugen, Rossi, Hale, Mulliken and T. Sheldon.

Senate Committee on Commerce & Trade
House Committee on Commerce & Labor

Background: Wineries, wine distributors, and wine importers must be licensed under Title 66 RCW, and are required to follow Liquor Control Board laws and rules under this title.

Distributors and suppliers of wine are also regulated under Chapter 19.126 RCW. The term "supplier" is defined as a wine or malt beverage manufacturer or importer who enters into a distribution agreement with a distributor, and does not include licensed domestic wineries. The term "distributor" is defined as any person who imports wine or malt beverages into the state or buys wine or malt beverages within the state in order to sell the liquor to licensed retailers.

Under Chapter 19.126 RCW, distributors and suppliers must make their agreements in writing. Distributors are required to "maintain the financial and competitive capability necessary to achieve efficient and effective distribution of the supplier's products" and must notify suppliers before any changes in ownership or management. The supplier has the right to reasonable prior approval of these changes. Suppliers may not coerce any wholesale distributor to engage in illegal conduct.

Continued violation of the provisions of Chapter 19.126 RCW may result in the suspension or cancellation of a distributor or supplier's license.

On February 20, 2003, the Washington State Supreme Court concluded that exempting domestic wineries from the provisions of Chapter 19.126 RCW violated the Commerce Clause of the United States Constitution.

Summary: Wine distributors are eliminated from the definition of "distributor" for the purposes of Chapter 19.126 RCW.

All wine manufacturers are eliminated from the definition of "supplier" for the purposes of Chapter 19.126 RCW.

The definition of "wine manufacturer" is deleted from Chapter 19.126 RCW.

Wine importers are eliminated from the definition of "importer" for the purposes of Chapter 19.126 RCW.

Votes on Final Passage:

Senate	47	0
House	95	0

Effective: April 17, 2003