

# HOUSE BILL REPORT

## HB 3150

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to efforts to promote the wine industry.

**Brief Description:** Concerning efforts to promote the wine industry.

**Sponsors:** Representatives Condotta, Linville, Kenney, Chase, Kessler, Conway, Holmquist, Morrell, Newhouse and Armstrong.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/30/06, 2/1/06 [DPS].

**Brief Summary of Substitute Bill**

- Allows domestic wineries and retail licensees to jointly produce brochures and material promoting tourism which contain information about domestic wineries, retailers, and their products.
- Allows domestic wineries and retail licensees to identify wineries on privately labeled wines.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Holmquist, Hudgins, Kenney and McCoy.

**Staff:** Jill Reinmuth (786-7134).

**Background:**

Washington's "tied house" law prohibits manufacturers and their trade associations from partnering with retailers to promote their businesses. Prohibited practices include joint advertising, such as brochures that name both non-retail licensees and retail licensees.

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**Summary of Substitute Bill:**

Domestic wineries and retail licensees may jointly produce brochures and material promoting tourism which contain information about domestic wineries, retailers, and their products. They also may identify wineries on privately labeled wines sold by spirits, beer, and wine restaurants and private clubs.

**Substitute Bill Compared to Original Bill:**

The licensees which may conduct joint marketing activities are limited to domestic wineries and retailers (instead of all wineries, distributors, and retailers). The brochures and materials which may be produced are limited to those which both promote tourism and contain information about wineries and other licensees (instead of those which contain information about wineries and other licensees). The private label wine marketing which may be conducted is limited to identifying wineries on private labels. The section exempting certain promotional activities from Liquor Control Board rules on advertising is deleted.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** (In support) Current law does not address changes in the wine industry. Wine tourism is one of the fastest growing industries in eastern Washington, and the tied-house laws prevent certain activities. We are simply trying to let groups create synergy to promote the industry, and bring the law up to date with what is really happening.

Two difficult issues related to promoting the wine industry need to be addressed, but the current bill is broader than it needs to be. One prohibited activity is that wineries and restaurants cannot both be on the front of the label. (It is okay if the winery is on the back of the label.) Another prohibited activity is the wine country map that shows both wineries and restaurants. With a narrowly focused bill, we want to address only those concerns.

While the current bill is broad, we are happy to narrow it down to get to two issues only: joint advertising, and especially, publishing maps of the wine country that feature restaurants. These activities seem to be hyper-technical violations of three-tier system.

(Information only) We are looking at a broad review of the tied-house laws.

**Testimony Against:** We are not opposed to the concept, but the devil is in the details. We are opposed to the bill as drafted, but do not have concerns with a narrowly-focused bill. The bill contains a broad exemption from the tied-house laws. We would like to be involved in developing a more narrow exemption. The Liquor Control Board's plan to conduct a comprehensive review of the tied-house law would be an opportunity to do a better review than we can with a single bill.

The Liquor Control Board should not be able to expand its advertising. Within six months of going to competitive pricing, the Board lost a significant share of the wine market.

**Persons Testifying:** (In support) Representative Condotta, prime sponsor; Jean Leonard, Washington Wine Institute; and Michael Transue, Washington Restaurant Association.

(Information only) Rick Garza and Lorraine Lee, Liquor Control Board.

(Opposed) Phil Wayt, Washington Beer and Wine Wholesalers Association; and Jan Gee, Washington Food Industry.

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