
Commerce & Labor Committee

HB 3128

Brief Description: Regulating the sale of wine by a society or organization.

Sponsors: Representatives Kenney, Hankins, Conway, Chandler, Wood, Condotta, Newhouse and Springer.

Brief Summary of Bill

- Exempts not-for-profit groups from the prohibition on certain business relationships between alcohol manufacturers, importers, or distributors and alcohol retailers.
- Allows a director, officer, or agent of an alcohol manufacturer, distributor, or importer to serve as the director, officer, or employee of a not-for-profit organization that holds an alcohol license.
- Allows a not-for-profit organization holding an alcohol license to serve wine manufactured, imported, or distributed by a manufacturer, distributor, or importer with a director, officer, or agent that is an employee of the not-for-profit organization.

Hearing Date: 1/30/06

Staff: Sarah Dylag (786-7109).

Background:

Tied-House Law

Under Washington's "tied-house" law, certain financial "ties" or business relationships are prohibited between alcohol manufacturers, importers, or distributors on the one hand and alcohol retailers on the other. Generally, a manufacturer or wholesaler or person interested in such business may not have a financial interest in a licensed retail business. Retailers may not conduct their business on property owned by a manufacturer or wholesaler. The tied-house law also prevents an alcohol manufacturer or wholesaler from giving money, items of value or credit to a retailer.

There are some exceptions to this law. A licensed brewery, microbrewery, or winery may be licensed as a retailer. A distiller, brewery, microbrewery, or winery may also be licensed as a spirits, beer, and wine restaurant.

Summary of Bill:

Changes to the Tied-House Law

An exemption from the prohibitions contained in the tied-house law is created for not-for-profit groups. Under the exemption, a not-for-profit group with an interest in a manufacturer or wholesaler may also have an interest in a retail business. A not-for-profit group with a retail license may conduct business on property owned by a manufacturer or wholesaler. A manufacturer or wholesaler may give money, items of value, or credit to a not-for-profit group with a retail license.

Not-for-Profit Organizations and Wine at Events

A director, officer, or agent of an alcohol manufacturer, distributor, or importer may serve as the director, officer, or employee of a not-for-profit organization holding an alcohol license.

A not-for-profit organization holding an alcohol license may serve wine manufactured, imported, or distributed by a manufacturer, distributor, or importer with a director, officer, or agent that is also a member of the not-profit-organization.

Rulemaking Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on January 26, 2006.

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