

HOUSE BILL REPORT

HB 2240

As Amended by the Senate

Title: An act relating to allowing certain activities between domestic wineries, domestic breweries, microbreweries, certificate of approval holders, and retail sellers of beer or wine.

Brief Description: Allowing certain activities between domestic wineries, domestic breweries, microbreweries, certificate of approval holders, and retail sellers of beer or wine.

Sponsors: By Representatives Conway, Condotta and Kenney.

Brief History:

Committee Activity:

Commerce & Labor: 2/23/07, 2/27/07 [DP].

Floor Activity:

Passed House: 3/7/07, 96-0.

Senate Amended.

Passed Senate: 4/10/07, 47-0.

Brief Summary of Bill

- Allows domestic wineries and retailers to produce tourism materials with regional, state, or local wine industry associations.
- Allows wine and beer manufacturers to provide personal services for a retailer, including participation and pouring at a retailer's premises and bottle signings.
- Allows internet listings and links between wineries and breweries, and retailers.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Green, Moeller and Williams.

Staff: Joan Elgee (786-7106).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The "tied-house" law prohibits liquor manufacturers from having a financial interest in a licensed retailer or from providing things of value ("money or moneys' worth") to a retailer.

The Legislature has enacted several exceptions to the tied-house law. In 2006, legislation was passed to allow domestic wineries and retailers to jointly produce brochures and materials promoting tourism which contain information about domestic wineries, retailers, and their products.

Summary of Bill:

The provision allowing domestic wineries and retailers to jointly produce tourism materials is expanded to include regional, state, or local wine industry associations.

Domestic wineries and breweries, microbreweries, and certificate of approval holders may include on their web sites information about retailers who sell or promote their products, including links to the retailers' web sites. Retailers may likewise provide information and links on their web sites for wineries, breweries, microbreweries, and certificate of approval holders.

Domestic wineries and breweries, microbreweries, and certificate of approval holders may provide personal services for a licensed retailer on the retailer's premises that are intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products. The personal services may include participation and pouring at the premises of a retailer with an on-premises consumption license, bottle signings, and similar informational or educational activities.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment: (1) removes breweries and microbreweries from the authorization to do personal services; (2) changes the retail premises where participating and pouring may take place to restaurants and specialty wine shops; (3) provides that the cost of sampling may not be borne by liquor manufacturers, importers, or distributors; and (4) provides that the authority of manufacturers and distributors to instruct licensees and their employees on their products includes instruction of chefs and specific instruction on what wines go well with different types of food.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The wine industry has seen phenomenal growth. We are the leading hop grower in the world. The wine industry is a very competitive industry and we are competing with businesses around the world. The internet is playing an increasing role.

The Liquor Board has a work group on tied-house. This exception is very narrow to address immediate needs. This bill will allow us to work with retailers to promote our products and allow us, for example, to pour at a winemaker dinner. We are continuing to work with the Liquor Board on the language and we anticipate proposed amendments.

(Concerns) Our concerns can be remedied. We want to make sure the cost of the product is not borne by the manufacturer, importer, or distributor, and that certificate of approval holder does not include distributors.

(Neutral with concerns) We want to define personal services because this allows personal services at any licensed premises. We have a work group looking at tied-house issues to see if we can avoid these narrow exceptions year after year.

(Opposed) None.

Persons Testifying: (In support) Jean Leonard and Robin Pollard, Washington Wine Institute; and Arlen Harris, Washington Brewers Guild.

(Concerns) Ron Main, Washington Beer & Wine Wholesalers.

(Neutral with concerns) Rick Garza, Liquor Control Board.

Persons Signed In To Testify But Not Testifying: None.