

HOUSE BILL REPORT

SSB 5898

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to the use of a common carrier for the shipment of wine.

Brief Description: Authorizing the use of a common carrier for the shipment of wine.

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements, Keiser, Murray, McAuliffe and Honeyford).

Brief History:

Committee Activity:

Commerce & Labor: 3/16/07, 3/23/07 [DP].

Brief Summary of Substitute Bill

- Allows in-state and out-of-state wineries to use common carriers to deliver up to 100 cases of their own production, in the aggregate, per month to licensed retailers.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 6 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Green, Moeller and Williams.

Staff: Joan Elgee (786-7106).

Background:

Washington and many other states have "three-tier" systems to regulate the sale and distribution of liquor by separating the tiers of manufacturer, distributor, and retailer. The general rule is that manufacturers may not sell directly to retailers but must sell their products to licensed distributors, who in turn sell to licensed retailers.

A number of exceptions have been enacted. Domestic wineries and breweries may act as distributors of wine and beer of their own production. In addition, certificate of approval holders (wineries and breweries in other states) may also act as distributors of wine and beer of their own production with a direct shipping endorsement. Distributors must deliver beer or

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wine to the retailer at the retailer's licensed premises or the distributor's licensed premises, and may not use a common carrier. In 2006, legislation was enacted to allow a licensed retailer to contract with a common carrier to obtain the product directly from the manufacturer when the manufacturer is acting as a distributor. However, a manufacturer in this situation may not contract with a common carrier to deliver the product directly to a retailer.

Summary of Bill:

A domestic winery, and an out-of-state winery with a certificate of approval and direct shipment endorsement, may use a common carrier to deliver up to 100 cases of its own production, in the aggregate, per month to licensed retailers.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This is an agreed-upon bill. This bill would allow the small Washington wineries who don't otherwise have access to retailers such as grocery stores and restaurants to use a common carrier in this limited fashion. It is hard for a winery to get in a truck and drive its wine from remote areas of the state to retailers.

(Neutral) Normally, when a winery acts as a distributor it should act as a distributor by using trucks and employees. This bill allows the use of common carriers for very limited amounts.

(Opposed) None.

Persons Testifying: (In Support) Jean Leonard, Washington Wine Institute.

(Neutral) Rick Garza, Liquor Control Board.

Persons Signed In To Testify But Not Testifying: None.