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**Commerce & Labor Committee**

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**HB 2959**

**Brief Description:** Concerning craft distilleries.

**Sponsors:** Representatives Wood, Ormsby, Springer, Conway, Linville, Barlow, Walsh and Quall.

**Brief Summary of Bill**

- Provides a reduced distiller license fee of \$100 for craft distilleries and defines craft distilleries.
- Allows craft distilleries to sell up to nine liters of spirits of its own production per person per day.
- Allows craft distilleries to provide samples of its products, limited to 0.5 ounce or less and a total of two ounces per person per day.

**Hearing Date:** 1/31/08

**Staff:** Joan Elgee (786-7106).

**Background:**

Persons manufacturing liquor in the state must obtain the appropriate license from the Liquor Control Board (Board) and pay the fee. Common manufacturing licenses include:

Brewery (60,000 barrels or more per year) \$6,000  
Microbrewery (less than 60,000 barrels per year) \$ 100  
Winery (250,000 liters or more per year) \$ 400  
Winery (less than 250,000 liters per year) \$ 100  
Distiller \$2,000

The sale and distribution of beer and wine is governed by Washington's three-tier system, in which the manufacturer, distributor, and retailer tiers are separate. Numerous exceptions, however, have been enacted. Wineries and breweries, for example, may act as retailers and sell

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liquor of their own production. Liquor laws also prohibit the giving away of liquor except as specified. Breweries and microbreweries, and wineries may serve beer and wine, respectively, without charge on their premises.

Under Washington's control state system for spirits, distillers are prohibited from selling spirits to any person or entity other than the Board.

**Summary of Bill:**

For a craft distillery, the licensing fee is \$100. A craft distiller produces 20,000 gallons or less of spirits using a pot still, with at least half the raw materials used in the production grown in Washington. A craft distiller may use purchased neutral grain spirits only if the neutral grain spirits are made in Washington.

A craft distiller may sell spirits of its own production for off-premises consumption, up to nine liters per person per day. A craft distiller may also provide samples to persons on the premises. The samples are limited to 0.5 ounce samples and limited to two ounces per person per day. Any person serving samples must obtain an alcohol server permit. Spirits sold on the premises or given away as samples must be purchased from the Board and sold at the retail price established by the Board.

Craft distillers are otherwise subject to the same laws as apply to other manufacturers.

**Rules Authority:** The Board is granted rule-making authority.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2008.

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