
Commerce & Labor Committee

HB 3192

Brief Description: Regarding alcoholic beverage regulation.

Sponsors: Representatives Wood, Conway and Condotta.

Brief Summary of Bill

- Expands activities permitted under a bonded wine warehouse license issued by the Liquor Control Board to include handling of wine.
- Allows wineries to sell their wine for on-premises consumption at off-site locations.
- Allows breweries and microbreweries to have up to two on or off-premises restaurant or tavern licenses.
- Allows microbreweries to contract-produce beer for another microbrewer.
- Allows restaurants to sell any wine for off-premises consumption.
- Removes limitation to "dining places" for the sale of liquor for on-premises consumption at hotels.
- Allows wineries and breweries to donate wine or beer to a 501(c)(6) organization.

Hearing Date: 1/31/08

Staff: Joan Elgee (786-7106).

Background:

The Liquor Control Board (Board) licenses liquor manufacturers, distributors, retailers, and others. Each license type permits different activities.

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.

A bonded wine warehouse license authorizes the storage of bottled wine off the premises of a winery. Wine may be removed from a bonded wine warehouse only to be exported, shipped to a distributor, or returned to a winery or bonded wine warehouse.

In 2006 the Legislature authorized domestic wineries and out-of-state wineries to ship wine to Washington residents age 21 or older.

A domestic winery may have up to two locations separate from its manufacturing site where the winery may serve samples and sell wine of its own production at retail for off-premises consumption.

Domestic breweries and microbreweries that also hold a license for a spirits, beer, and wine restaurant or a beer and/or wine restaurant on the brewery premises may hold a second license for a licensed restaurant off the premises. Domestic microbreweries may hold a license to operate a tavern on its premises.

Domestic breweries may contract-produce beer for a brand owner of malt beverages.

The holder of a spirits, beer, and wine restaurant license may apply for an endorsement to sell wine vinted and bottled in Washington and with a label exclusive to the restaurant for off-premises consumption.

Legislation passed in 2007 created a new hotel license. The license, to take effect on July 1, 2008, allows the sale of spirits, beer, and wine by the glass at dining places in the hotel. A hotel license also allows the sale of spirits, beer, and wine in the manufacturer's sealed container or by the individual drink to guests through room service and to occupants of private residential units.

The giving away of liquor by a manufacturer is generally prohibited. One exception allows a winery or brewery to donate wine and beer, respectively, to a nonprofit charitable corporation or association exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Section 501(c)(6) exempts from taxation qualified trade associations, chambers of commerce, and others.

Summary of Bill:

The activities permitted under a bonded wine warehouse license are expanded to include the handling of bottled wine. Handling includes packing and repackaging services; labeling services; creating baskets or variety packs; and picking, packing, and shipping wine orders direct to a consumer. Wine may be removed from a bonded wine warehouse to be directly shipped to a consumer. A winery contracting with a bonded wine warehouse for handling services is responsible for compliance and financial transactions in direct to consumer shipping activities.

Wineries with additional locations for sampling and sale of its own product may sell wine for on-premises, in addition to off-premises, consumption.

Domestic breweries and microbreweries may hold up to two licenses for an on or off-premises spirits, beer, and wine restaurant, beer and/or wine restaurant, or tavern.

Beginning June 30, 2008, a microbrewery may contract-produce beer for another microbrewery.

The holder of a spirits, beer, and wine restaurant license with an endorsement to sell bottled wine is no longer limited to selling Washington wine with an exclusive label, but may sell any bottled wine for off-premises consumption.

The limitation to "dining places" for the sale of spirits, beer, and wine for on-premises consumption at hotels is removed. The occupants of private residential units who may receive service of liquor from a hotel are specified to be occupants of units managed by the hotel.

Domestic wineries and breweries may donate wine and beer, respectively, to corporations or associations exempt from taxation under section 501(c)(6) of the Internal Revenue Code.

Rules Authority: The bill does not address the rule-making powers of an agency; however, the Board may need to adopt rules to implement the provisions.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except sections 4 and 6 which take effect June 30, 2008 and sections 7 and 8 which take effect July 1, 2008.