

# HOUSE BILL REPORT

## HB 2790

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to making technical and clarifying changes to the liquor laws.

**Brief Description:** Making technical and clarifying changes to the liquor laws.

**Sponsors:** Representative Conway.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/22/10, 1/26/10 [DPS].

**Brief Summary of Substitute Bill**

- Adds references to additional types of licenses to a 2009 law allowing financial interests between various tiers of the liquor industry.
- Allows a vendor to obtain a permit to donate liquor for consumption at a liquor licensee trade association convention.
- Makes housekeeping and technical changes.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Crouse, Green and Williams.

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

**Background:**

In 2009 legislation was enacted (EHB 2040) which repealed the tied house law prohibiting certain interests between the manufacturer and distributor tiers of the liquor industry (industry members) and the retailer tier. Financial interests are now generally allowed. The list of statutes identifying industry members and retailers did not include distillers or hotels. In 2009 the Legislature also created a new retail license, the nightclub license. Engrossed

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*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.*

House Bill 2040 included a new section which in general retained the part of the tied house law prohibiting industry members from providing "moneys' worth" to retailers. A separate bill amended the tied house law which EHB 2040 repealed. In addition, a number of references to the repealed tied house law remain in the code.

A liquor permit allows a manufacturer, importer, or distributor to donate liquor for consumption at a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association of liquor licensees.

Another section of the liquor title contains incorrect references to definitions.

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**Summary of Substitute Bill:**

The tied house law in effect prior to 2009 is repealed. Distillers, hotels, and nightclubs are added to the lists of industry member and retailer licenses. Cross-references to the prior tied house law are updated to refer to the new "moneys' worth" law.

A vendor, in addition to a manufacturer, importer, or distributor, may obtain a permit to donate liquor for consumption at a liquor licensee trade association convention.

References to definitions are corrected and other technical changes are made.

**Substitute Bill Compared to Original Bill:**

The substitute bill adds the provision allowing a vendor to obtain a permit to donate liquor for consumption at a liquor licensee trade association convention. In addition, the substitute bill makes additional housekeeping changes by eliminating unnecessary references to some statutes and restoring and correcting references to the "money's worth" law.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed, except sections 4, 6, and 9 which reinstate prior law related to housekeeping changes to the grocery store, beer and/or wine specialty shop, and public house licenses after a scheduled expiration and take effect July 1, 2011.

**Staff Summary of Public Testimony:**

(In support) A few licenses were not part of the big change made last year. The Washington State Liquor Control Board staff had input on the bill. It is appreciated that these matters are being taken care of.

(Opposed) None.

**Persons Testifying:** Rick Garza, Washington State Liquor Control Board.

**Persons Signed In To Testify But Not Testifying:** None.