

# SENATE BILL REPORT

## SB 5256

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As of February 9, 2011

**Title:** An act relating to wine shipments.

**Brief Description:** Concerning wine shipments.

**Sponsors:** Senators Kline, Honeyford and Schoesler.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 1/27/11.

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Staff:** Edith Rice (786-7444)

**Background:** Domestic and out of state wine producers can ship wine to Washington residents who are at least 21 years of age for that person's own use if the wine producers comply with current law and Liquor Control Board (LCB) requirements. Wineries located outside of Washington must obtain a wine shipper's permit and pay a fee. Domestic wineries must be licensed by the board and pay an annual license fee. Requirements for a shippers permit, labeling, private carrier delivery, monthly reporting, and fees are set out in state law. There are no current provisions for permitting retailers to ship wine to Washington residents.

**Summary of Bill:** A wine shipper's permit is created to allow licensed wine manufacturers, suppliers, importers, wholesalers, distributors, and retailers to ship wine to individuals in Washington who are at least 21 years of age. All shipping packaging must indicate that it cannot be delivered to a person under 21 years of age or to an intoxicated person. All such shipments must be reported to the board annually and the board may specify different intervals for licensees shipping less than 10,000 cases to Washington residents annually. A shipper's permit fee is set initially at \$100 with an annual renewal fee of \$50. Holders of a wine shippers permit are deemed to have consented to Washington's jurisdiction regarding enforcement and penalties.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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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.*

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Washington is missing out on collecting taxes for these transactions, and they should be able to collect from out of state retailers.

CON: It will cost to revise the IT system to allow for annual reporting. This will give an advantage to out of state shippers and will seriously undercut our prices. We have the most modernized wine regulations in the country and they are not impeding growth. This will be a compliance nightmare for LCB. No other state is so deregulated. There is plenty of access provided to other state wines, the task force considered this and decided it wasn't in the industry's best interest to pursue.

**Persons Testifying:** PRO: Paul Beveridge, Wilridge Winery; John Bell, Family Wineries of Washington.

CON: Jean Leonard, Washington Wine Institute; Martin Clubb, L'ecole N. 41; Tom Rowland, Ste. Michelle Wine Estates; Alan Rathbun, Ron Main, Beer and Wine Wholesalers.