

SENATE BILL REPORT

SB 5257

As of January 28, 2011

Title: An act relating to craft wine and wineries.

Brief Description: Concerning craft wine and wineries.

Sponsors: Senators Kline, Honeyford and Schoesler.

Brief History:

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

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Edith Rice (786-7444)

Background: Some industry advocates believe that existing regulation of the wine industry hinders growth and innovation, and reduces the economic potential of the industry. Their goal is to provide an economic boost without cost to Washington taxpayers and they believe that this legislation could provide the state with more money through increased wine excise tax revenues.

Summary of Bill: A new license is created called a craft winery license for a winery that does not produce more than 25,000 gallons of wine in the recent year for which it reported production. Wine fermented at a craft winery is not wine or liquor for the purpose of any other portion of the Alcoholic Beverage Control laws, with specific exceptions. The license fee for craft winery must be no greater than the current fee for domestic wineries. Craft wine is deemed to be wine for the purposes of sales to the Liquor Control Board permitting servers, taxes, Wine Commission assessment, wine labels, search and seizure, and enforcement.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

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.

Staff Summary of Public Testimony: PRO: This would exempt craft wineries from tied house and money's worth laws. It is pro-consumer and eliminates the need to come in for exceptions. No taxes or public safety requirements are changed. It is completely voluntary.

CON: This bill establishes inequitable and unregulated practices, and makes no sense. It creates inconsistency and would be difficult to monitor. It threatens our business and livelihood and puts us on a slippery slope. Once implemented it's not really optional.

Persons Testifying: PRO: Senator Kline, prime sponsor; Paul Beveridge, John Bell, Family Wineries of Washington State.

CON: Jean Leonard, Washington Wine Institute; Martin Clubb L'Ecole N. 41; Tom Rowland, Ste. Michelle Wine Estates; Greg Lipsker, Barrister Winery.

Signed in, Unable to Testify & Submitted Written Testimony: CON: Ron Main, Beer and Wine Wholesalers.