

SENATE BILL REPORT

SB 5650

As of February 10, 2011

Title: An act relating to allowing craft distilleries to sell their own spirits at qualifying farmers markets.

Brief Description: Allowing craft distilleries to sell their own spirits at qualifying farmers markets.

Sponsors: Senators Harper, Kohl-Welles, White, McAuliffe and Kline.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/08/11.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Edith Rice (786-7444)

Background: Currently, domestic wineries, domestic breweries, and microbreweries can purchase an endorsement from the Liquor Control Board (LCB) which permits them to sell their own products at retail for off premises consumption at qualifying farmers markets authorized by the board.

A qualifying farmers market is defined as an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in Washington directly to the consumer, and must meet certain specific minimum requirements regarding the number of vendors who are farmers, combined gross annual sales of certain vendors and others, prohibits the sale of imported or secondhand items and prohibits franchise vendors.

A craft distillery is defined as a distillery that pays a reduced licensing fee by producing 60,000 gallons or less of spirits with at least half of the raw materials used in the production grown in Washington. Craft distilleries are not currently permitted to sell their own products at retail at farmers markets.

Summary of Bill: A craft distillery can purchase an endorsement from the LCB which permits the craft distillery to sell its own bottled spirits at retail for off-premises consumption at qualifying farmers markets. The craft distillery must provide a list to the LCB of the dates and locations at which it will be selling its spirits ahead of time. The craft distillery cannot

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act as a distributor at the farmers market, cannot store its product at the farmers market beyond the for sale hours, and is not permitted to provide sampling or tasting.

Farmers markets must apply to the LCB for authorization to allow a craft distillery with a qualifying endorsement to sell bottled spirits at retail at the farmers market. The farmers market must provide to the LCB a map of the market showing designated areas where the craft distillery may sell bottled spirits, and contact information for onsite market managers.

The LCB must provide notice of the application for authorization to allow a craft distillery with a qualifying endorsement to sell bottled spirits at retail at the farmers market to the city (or county if the market is located outside city limits) where the farmers market is located. The LCB must also consider the proximity of churches, schools, and public institutions, and cannot issue an authorization if the premises are within 500 feet of a public elementary or secondary school.

Qualifying farmers market is defined as an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in Washington directly to the consumer, and must meet specific minimum requirements described in the act. This is the same definition of qualifying farmers market as set out in the current laws permitting sale of wine or beer at farmers markets.

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.

Staff Summary of Public Testimony: PRO: Allowing craft distilleries to sell at farmers markets will add to the state's economy. This is similar to how the wine industry has enhanced the economy in Washington. Craft distillers are very tied to local agriculture and work closely with farmers and suppliers locally; it makes sense to have them at farmers markets.

OTHER: There are approximately 40 craft distillers in the state and we would like more time to understand the impact this might have.

Persons Testifying: PRO: Senator Harper, prime sponsor; Ryan Hembree, Skip Rock Distillery.

OTHER: Rick Garza, Liquor Control Board.