

SENATE BILL REPORT

SHB 2364

As of February 21, 2014

Title: An act relating to sales by craft and general licensed distilleries of spirits for off-premise consumption and spirits samples for on- premise consumption.

Brief Description: Concerning sales by craft and general licensed distilleries of spirits for off-premise consumption and spirits samples for on-premise consumption.

Sponsors: House Committee on Government Accountability & Oversight (originally sponsored by Representatives Hurst, Blake, Pettigrew, Manweller, Pollet and Vick).

Brief History: Passed House: 2/13/14, 93-4.

Committee Activity: Commerce & Labor: 2/21/14.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Edith Rice (786-7444)

Background: A distiller must pay a license fee of \$2,000 per year unless the distiller qualifies for a lesser fee specified in statute. A distiller producing 60,000 gallons of spirits or less with at least half of the raw materials used in production grown in Washington, must pay a license fee of \$100 per year.

A craft distillery is limited to selling up to three liters of spirits of its own production per person per day for off-premises consumption. A craft distillery is permitted to provide one-half ounce or less free samples totaling no more than two ounces on distillery premises.

There are exceptions to the prohibition against advancing monies under the three-tier system.

Special occasion licensees serving beer or wine are permitted to pay for the beer or wine immediately after the event. Wineries and breweries are also permitted to pay reasonable booth fees to the special occasion licensee.

Summary of Bill: A distiller producing 150,000 gallons of spirits or less with at least half of the raw materials used in production grown in Washington must pay a license fee of \$100 per year.

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 craft distillery is no longer limited to selling up to three liters of spirits per person per day of its own product for off-premises consumption. In addition to providing free samples, a craft distillery may serve one-half ounce samples of its own product for a charge.

A distillery or craft distillery may sell spirits it produces for consumption off the premises and must comply with retailer-related laws. A distillery or craft distillery may contract distilled spirits for and sell contract distilled spirits to holders of distillers' or manufacturers' licenses. One-half ounce or smaller samples may be provided free or for a charge. The maximum amount of samples that can be served is a total of two ounces. It is clarified that servers must have a class 12 alcohol server permit.

Special occasion licensees may also pay for spirits immediately after the event. Distilleries participating in a special occasion event may also pay a reasonable booth fee to the special occasion licensee.

Appropriation: None.

Fiscal Note: Available.

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: Distillers are an evolving market in this state. This allows us to do some of the same things that breweries and wineries do. Raising the production limit affects what we can sell to the public as well as under contract.

Persons Testifying: PRO: Trent House, Woodinville Whiskey; Jim Hedrick, WA Distillers Guild; John Bourdon, Sandstone Distillery; Will Maschmeier, distillery owner.