

HOUSE BILL REPORT

HB 1179

As Passed House:
March 3, 2015

Title: An act relating to exempting cider makers from the wine commission assessment.

Brief Description: Exempting cider makers from the wine commission assessment.

Sponsors: Representatives Lytton, Buys, S. Hunt, Wilcox, Blake, Appleton, Morris, G. Hunt, Short, Walkinshaw, Tarleton, Fitzgibbon, Gregerson, Van Werven, Tharinger, Sells, Muri and MacEwen.

Brief History:

Committee Activity:

Agriculture & Natural Resources: 1/28/15, 2/4/15 [DP].

Floor Activity:

Passed House: 3/3/15, 97-0.

Brief Summary of Bill

- Excludes the production of cider from the commodity assessment that applies to vinifera wine grape growers and producers, which funds the advertising of Washington wines through the Washington Wine Commission.

HOUSE COMMITTEE ON AGRICULTURE & NATURAL RESOURCES

Majority Report: Do pass. Signed by 11 members: Representatives Blake, Chair; Lytton, Vice Chair; Buys, Ranking Minority Member; Dent, Assistant Ranking Minority Member; Chandler, Dunshee, Hurst, Orcutt, Pettigrew, Schmick and Stanford.

Minority Report: Do not pass. Signed by 1 member: Representative Van De Wege.

Staff: Peter Clodfelter (786-7127).

Background:

The Liquor Control Board (Board) levies agricultural commodity assessments on wine producers and growers of Washington vinifera wine grapes in order to permanently fund the

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Washington Wine Commission (Commission), which is an agricultural commodity commission. On producers, the annual assessment is 2 cents per gallon on sales of packaged Washington wines. On growers, the annual assessment is \$3 per ton of vinifera grapes. Those assessment rates may be changed pursuant to a referendum conducted by the Commission that is approved by a majority vote of wine producers or wine growers, whichever group's assessment rate is affected by the referendum. The Board is required to disburse assessments quarterly to the Commission, which uses the money to market Washington wine and enhance the production of wine grapes and wine.

Cider is table wine that contains not less than .5 percent of alcohol by volume and not more than 7 percent of alcohol by volume [RCW 66.24.210]. Cider is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. Cider includes flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must. Currently, the Board levies the annual commodity assessment on makers of cider just as it does on makers of wine.

Summary of Bill:

After July 1, 2015, the commodity assessment that applies to vinifera wine grape growers and vinifera wine produces, which is imposed to fund the Commission, no longer applies to the production of cider.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2015.

Staff Summary of Public Testimony:

(In support) Cider is produced and marketed differently than wine; cider producers should have a separate marketing program from the marketing program for wine through the Commission. Advertising of wine provides no benefit to cider producers; customers do not consider cider to be a wine product and tend to consume cider more like beer—in pints from pubs. After paying assessments to the Commission cider producers do not have the remaining funds to use on more effective cider-specific advertising. Perhaps cider makers can form their own marketing committee with the funds saved from not paying the Commission assessment or redirect the funds to the Northwest Cider Association for the advertising of cider.

(Opposed) None.

Persons Testifying: Representative Lytton, prime sponsor; Colin Schilling, Schilling Cider Company; Brent Miles, Seattle Cider Company; Marcus Robert, Tieton Cider Works; and Max Dejarnatt, Spire Mountain Cider.

Persons Signed In To Testify But Not Testifying: None.