

# HOUSE BILL REPORT

## SB 5662

---

### As Reported by House Committee On: Commerce & Gaming

**Title:** An act relating to providing promotional items to a nonprofit charitable corporation or association.

**Brief Description:** Authorizing a licensed domestic brewery or microbrewery to provide promotional items to a nonprofit charitable corporation or association.

**Sponsors:** Senators Kohl-Welles, Honeyford, Braun, Mullet and Rolfes.

#### **Brief History:**

##### **Committee Activity:**

Commerce & Gaming: 3/24/15, 3/26/15 [DP].

#### **Brief Summary of Bill**

- Permits breweries and microbreweries to provide branded promotional items to nonprofit organizations.

---

### HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** Do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott, Van De Wege and Vick.

**Staff:** David Rubenstein (786-7153).

#### **Background:**

Washington's "tied-house" laws regulate the relationship between liquor manufacturers, distributors ("industry members"), and retailers. In general, tied-house laws are meant to regulate how liquor is marketed and to prevent the vertical integration of the three tiers of the liquor industry. The general rule is that no industry member may advance and no retailer may receive moneys or money's worth under an agreement, or by means of any other business practice or arrangement.

---

*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.*

There are numerous exceptions to the tied-house laws. Among them are exemptions for branded promotional items provided by alcoholic beverage producers to retailers, sampling events provided by wineries and breweries, and advertising of liquor products by professional sports teams holding a retail liquor license.

---

**Summary of Bill:**

An express exemption to the tied-house law is added to allow domestic breweries and microbreweries to provide branded promotional items of nominal value to nonprofit organizations exempt from federal taxation under 26 U.S.C. §501(c)(3). The items must be used in a manner consistent with the organization's charitable purpose.

---

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Breweries and microbreweries can donate beer to nonprofits but cannot offer a gift basket or a T-shirt. This bill would allow them to do that.

(Neutral) The Liquor Control Board sees no public safety threat here.

(Opposed) None.

**Persons Testifying:** (In support) T.K. Bentler, Washington Brewers Guild.

(Neutral) James Paribello, Liquor Control Board.

**Persons Signed In To Testify But Not Testifying:** None.