

SENATE BILL REPORT

SB 5662

As Reported by Senate Committee On:
Commerce & Labor, February 18, 2015

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 & Labor: 2/18/15 [DP].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Conway, Keiser, King and Warnick.

Staff: Richard Rodger (786-7461)

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 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 money or money's worth under an agreement or by means of any other business practice or arrangement.

There are numerous exceptions to the tied house laws. Among them are exemptions for branded promotional items provided by alcoholic beverage producers to retailers; domestic wineries performing personal services such as participation and pouring, bottle signing events, and informational or educational activities for certain retailers; and advertising of liquor products by professional sports teams holding a retail liquor license.

Summary of Bill: A new exemption to the tied-house law is added to allow domestic breweries and microbreweries to provide branded promotional items of nominal value to 501

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(c)(3) nonprofit organizations. The items must be used in a manner consistent with the organization's charitable purpose.

Appropriation: None.

Fiscal Note: Not requested.

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: Breweries can already donate beer to a nonprofit charitable organization, but may not add tee-shirts or beer glasses to the same gift basket.

Persons Testifying: PRO: TK Bentler, WA Brewers Guild.