
Commerce & Gaming Committee

HB 1297

Brief Description: Concerning distillery promotional items and spirit sample sales.

Sponsors: Representatives Tarleton, Vick, Barkis, Sawyer, Ryu and Pettigrew.

Brief Summary of Bill

- Authorizes a distillery to sell spirits of the distillery's own production for consumption on the licensed premises.
- Authorizes spirits samples served at a distillery's premises to be adulterated with mixers with alcohol of the distillery's own production.
- Authorizes a distillery to provide, for a charge, samples of the distillery's spirits with mixers to customers for on-premises consumption.
- Establishes that distilleries and craft distilleries may identify the producers on private labels, to the same extent as other liquor licensees with respect to beer and wine.
- Gives the Liquor & Cannabis Board discretion (LCB) to license stills used by commercial chemists, instead of requiring the LCB to do so.

Hearing Date: 1/31/17

Staff: Peter Clodfelter (786-7127).

Background:

Licensed Distilleries.

The state Liquor & Cannabis Board (LCB) issues licenses to distillers. The fee is \$2,000 annually unless the distillery qualifies as a craft distillery, in which case fee is \$100 annually.

A licensed distillery may sell spirits of its own production for consumption off the premises, and must comply with applicable laws and rules relating to retailers when doing so. A licensed distillery may also contract distilled spirits for, and sell contract distilled spirits to, holders of distillers or manufacturers' licenses, or for export. Additionally, a licensed distillery may provide

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.

free or for a charge, 0.5 ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person per day is 2 ounces. And any person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit. Spirits samples may be adulterated with nonalcoholic mixers.

The Tied House Laws and Private Labels.

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, monies or monies' worth under an agreement or by means of any other business practice or arrangement.

There are numerous exceptions to the tied house laws. One exception gives explicit authorization to breweries, wineries, certificate of approval holders, and retail licensees to identify the producers on private label beer and wine.

Licensing of Stills Used by Commercial Chemists.

The LCB is required to license stills used solely and only by a commercial chemist for laboratory purposes, and not for the manufacture of liquor for sale, at a fee of \$20 per year.

Summary of Bill:

Licensed Distilleries.

Licensed distilleries are authorized to sell spirits of their own production for consumption on the premises. Licensed distilleries are also authorized to provide, for a charge, samples of their own production to persons on the premises of the distillery, with nonalcoholic mixers, mixers with alcohol of the distiller's own production, water, and/or ice. Samples that are provided for free may also be adulterated with mixers with alcohol of the distiller's own production.

The Tied House Laws and Private Labels.

It is established that distilleries and craft distilleries may identify the producers on private labels, to the same extent that beer and wine manufacturers, certificate of approval holders, and retail licensees may do so.

Licensing of Stills Used by Commercial Chemists.

The requirement that the LCB license stills used and to be used solely and only by a commercial chemist for laboratory purposes, and not for the manufacture of liquor for sale, is removed, and instead the LCB is given discretionary authority to license stills used for such purposes.

Appropriation: None.

Fiscal Note: Available.

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