
Commerce & Gaming Committee

HB 2099

Brief Description: Streamlining distillery licensing and fees.

Sponsors: Representative Blake.

Brief Summary of Bill

- Eliminates the statutory distinctions between distilleries and craft distilleries by creating a revised regulatory and licensing scheme that treats all distilleries identically, regardless of annual production rates or use of raw materials produced in Washington State in the spirits production process.
- Exempts all distillers that are licensed to engage in the retail sale of spirits for off-premises consumption from the 17 percent spirits retail fee.
- Establishes a uniform annual licensing fee for all distillers in the amount of \$250.

Hearing Date: 2/16/17

Staff: Thamas Osborn (786-7129).

Background:

The Liquor and Cannabis Board (LCB) issues licenses to distillers and craft distillers. The annual fee for a distillery license is \$2,000, and for a craft distillery the fee is \$100.

To qualify as a craft distillery, the distiller must produce no more than 150,000 gallons of spirits annually, and at least half of the raw materials used in production must be grown in Washington.

In order to sell spirits at retail, a business must have a spirits retail license issued by the LCB. All spirits retail licensees, including distilleries, are required to pay an annual license issuance fee to the LCB equivalent to 17 percent of all spirit sales revenues. Craft distilleries that engage in the retail sale of spirits for off-premises consumption are exempt from payment of the 17 percent spirits retail fee.

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.

Summary of Bill:

Eliminates the statutory distinctions between distilleries and craft distilleries by creating a revised regulatory and licensing scheme that treats all distilleries identically, regardless of annual production rates or the use of raw materials produced in Washington State in the production process. In order to accomplish this, the act deletes the definition of "craft distillery" from the definitions section of chapter 66.04 RCW. Also, all references to "craft distilleries" in the various liquor control statutes are deleted and replaced by the word "distilleries."

All distillers that are licensed to engage in the retail sale of spirits for off-premises consumption are exempt from the 17 percent spirits retail fee requirement.

The annual licensing fee for all distillers is set at \$250, with no distinction being made between those distillers producing more than 150,000 gallons of spirits annually and those producing lesser quantities.

Appropriation: None.

Fiscal Note: Requested on February 14, 2017.

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