

HOUSE BILL REPORT

SSB 5426

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to increasing the number of tasting rooms allowed under a domestic winery license.

Brief Description: Increasing the number of tasting rooms allowed under a domestic winery license.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senator Warnick).

Brief History:

Committee Activity:

Commerce & Gaming: 3/20/17, 3/21/17 [DPA].

Brief Summary of Substitute Bill (As Amended by Committee)

- Increases from two to four the number of locations separate from a domestic winery's production or manufacturing sites from which the domestic winery may serve samples of its own products, sell its own wine at retail, and sell its own wine in kegs or sanitary containers.
- Requires a report each biennium, through 2023, on the number of new domestic wineries.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass as amended. Signed by 11 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby, Ryu and Young.

Staff: Peter Clodfelter (786-7127).

Background:

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.

A domestic winery license, issued by the Liquor and Cannabis Board (LCB), authorizes the manufacture of wine in the state. Subject to restrictions, a domestic winery may also act as a distributor and retailer of wine of its own production while complying with the laws applicable to wine distributors and retailers, and take orders and accept payment for wines of its own production during an event held by a nonprofit holding a special occasion license. Also, a domestic winery may qualify for an endorsement to sell wine of its own production at retail for off-premises consumption at a qualifying farmers' market, subject to restrictions. Additionally, with a wine shipper's permit, a domestic winery may sell and ship wine directly to Washington consumers age 21 and over.

Separate from a domestic winery's production or manufacturing sites, a domestic winery may operate up to two additional locations from which the domestic winery may serve samples of its own products, sell wine of its own production at retail, and sell for off-premises consumption wines of its own production in kegs or sanitary containers brought to the premises by the purchaser or furnished by the domestic winery and filled at the tap at the time of sale. An endorsement to sell wine of a domestic winery's own production at retail for off-premise consumption at a qualifying farmers' market does not count toward those two separate locations allotted to a domestic winery.

Summary of Amended Bill:

The number of locations separate from a domestic winery's production or manufacturing sites from which a domestic winery may serve samples of its own products, sell wine of its own production at retail, and sell for off-premises consumption wines of its own production in kegs or sanitary containers brought to the premises by the purchaser or furnished by the domestic winery and filled at the tap at the time of sale is increased from two to four.

The LCB must submit a report to the House Committee on Commerce and Gaming regarding the number of new domestic wineries each biennium. The first report is due on June 30, 2019, and a report is due every two years thereafter through June 30, 2023.

Amended Bill Compared to Substitute Bill:

A requirement is added that the LCB must submit a report to the House Committee on Commerce and Gaming regarding the number of new domestic wineries each biennium. The first report is due on June 30, 2019, and a report is due every two years thereafter through June 30, 2023.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This will assist small wineries. Currently, it is challenging for small wineries to find sufficient shelf space in retail establishments to sell their products; small wineries compete for shelf space directly with large brands. Tasting rooms are a great way for small wineries to market and sell their products directly to consumers, and give wineries control over their products from production, to sale, to the consumer. This is an important bill, especially for smaller family owned wineries.

(Opposed) None.

Persons Testifying: Senator Warnick, prime sponsor; Josh McDonald, Washington Wine Institute; and Paul Beveridge, Family Wineries.

Persons Signed In To Testify But Not Testifying: None.