

SENATE BILL REPORT

SB 5589

As of February 14, 2017

Title: An act relating to distillery promotional items and spirit sample sales.

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

Sponsors: Senators Keiser and Baumgartner.

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/13/17.

Brief Summary of Bill

- Allows any licensed distiller to charge for spirits samples with nonalcoholic mixers, mixers with alcohol of the distiller's own production, water, and/or ice; there is no statutory limit on the volume of these samples that may be served.
- Authorizes distilleries and craft distilleries to be identified on private labels created for restaurants, private clubs, grocery stores, and beer and/or wine specialty shops.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Staff: Richard Rodger (786-7461)

Background: Spirits Sampling. Any licensed distiller may provide spirits samples, of their own production, to persons on the premises. The samples may be free or for a charge and are limited one-half ounce or less, with a maximum total per person per day of two ounces. Spirits samples may be adulterated with nonalcoholic mixers, mixers with alcohol of the distiller's own production, water, and/or ice. Every person who participates in the service of samples must obtain a Class 12 alcohol server permit.

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

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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 allows wineries and breweries to partner with retailers to create private-label wine and beer for restaurants, private clubs, grocery stores, and beer and/or wine specialty shops. The producers may be identified on the private labels.

Summary of Bill: Spirits Sampling. Any licensed distiller may also provide for a charge, spirits samples of their own production with nonalcoholic mixers, mixers with alcohol of the distiller's own production, water, and/or ice. There is no statutory limit on the volume of these samples that may be served. The samples must served to persons on the premises by individuals holding a Class 12 alcohol server permit.

Tied House Laws and Private Labels. Producers of spirits from distilleries and craft distilleries may also be identified on private labels created for restaurants, private clubs, grocery stores, and beer and/or wine specialty shops.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill will allow spirits distillers to charge for samples of their products, using the types of mixers and other alcohols, that the customers may want to drink at home. The blending of alcohols will generally involve flavored vodkas. It also allows us to serve samples of gin with tonic or vermouth. We estimate that the bill will help us increase our tasting room revenues by 15 to 30 percent. All our staff will still be required to have a Class 12 server's permit. Distillers should also have the same rights as breweries and wineries to sell products with private labels.

Persons Testifying: PRO: Senator Karen Keiser, Prime Sponsor; Jim Hedrick, Washington Distillers Guild; A.J. Temple, Temple Distilling Company.

Persons Signed In To Testify But Not Testifying: No one.