

HOUSE BILL REPORT

SB 5909

As Passed House:

April 12, 2019

Title: An act relating to the license to manufacture, import, sell, and export liquor.

Brief Description: Concerning the license to manufacture, import, sell, and export liquor.

Sponsors: Senator King.

Brief History:

Committee Activity:

Commerce & Gaming: 3/18/19, 3/26/19 [DP].

Floor Activity:

Passed House: 4/12/19, 95-0.

Brief Summary of Bill

- Authorizes liquor manufacturing licensees to contract for packaging services of alcohol products.
- Authorizes licensed liquor manufacturers to contract with non-liquor licensed businesses if the contract does not include alcohol.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 10 members: Representatives Stanford, Chair; Reeves, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Kloba, Morgan and Vick.

Staff: Kyle Raymond (786-7190).

Background:

The Washington State Liquor and Cannabis Board issues a license to liquor manufacturers that authorizes licensees within the state to manufacture, import, sell, and export liquor. The liquor manufacturer license is separate from licenses issued to brewers, microbreweries, wineries, and domestic wineries. The fee for the license is \$50 per year.

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 liquor manufacturer licensee is not allowed to contract with other entities to package products containing alcohol.

Summary of Bill:

Licensed liquor manufacturers (liquor manufacturers) may contract with licensed distillers, craft distillers, domestic brewers, microbreweries, wineries, and domestic wineries to provide packaging services for alcohol products. The types of packaging services liquor manufacturers may contract for include, but are not limited to:

- canning, bottling, and bagging of alcoholic beverages;
- mixing products before packaging; and
- receiving products from, and returning products to, the original licensee.

Liquor manufacturers may also contract with other non-liquor licensed businesses if the contract does not include alcohol products.

Liquor manufacturers are prohibited from selling liquor directly to retail liquor licensees or contracting with liquor retailers to sell alcohol products. However, liquor manufacturers may sell medicinal, culinary, or toilet preparation products containing alcohol to liquor retailers if the products are not usable as alcoholic beverages. For example, perfumes, lotions, dietary supplements, and medications prepared by a druggist that contain alcohol are authorized for sale to licensed liquor retailers.

Liquor manufacturers are not permitted to mix or infuse tetrahydrocannabinol or cannabidiol, commonly referred to as THC and CBD, or any other cannabinoid into any products containing alcohol.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The Washington State Liquor and Cannabis Board currently does not have a license that authorizes bottlers to handle liquor products. Industry and agency stakeholders worked together on this bill, which would allow licensed bottlers to handle products that liquor licensees need to be packaged in cans, bottles, and bags. The manufacturers would mix and package these products, before returning them to the original licensed business. The bottlers have capacity to handle more products, and this bill would help maintain jobs.

The Washington Association for Substance Abuse Prevention supports the bill and appreciates the provision that precludes cannabinoid products from being infused into alcohol products.

(Opposed) None.

Persons Testifying: Senator King, prime sponsor; and Seth Dawson, Washington Association for Substance Abuse Prevention.

Persons Signed In To Testify But Not Testifying: None.