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## Commerce & Gaming Committee

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### SB 5940

**Brief Description:** Creating a liquor license endorsement.

**Sponsors:** Senator King.

#### Brief Summary of Bill

- Establishes a new liquor license endorsement (\$100 per year) for distilleries, wineries, and breweries to contract for packaging services with other licensed distilleries, wineries, and breweries.
- Includes examples of authorized packaging services such as canning, bottling, and bagging of alcoholic beverages; mixing products before packaging; repackaging of finished products into mixed consumer packs; and receiving and returning products subject to requirements.

**Hearing Date:** 2/17/22

**Staff:** Peter Clodfelter (786-7127)

#### Background:

The Liquor and Cannabis Board (LCB) licenses and regulates liquor manufacturers, distributors, and retailers. Among the liquor manufacturing licenses available are licenses for distilleries, craft distilleries, domestic wineries, domestic breweries, and microbreweries. Each of these manufacturing licenses includes its own privileges and limitations, but in general each of these manufacturing licenses authorize the licensee to manufacture either spirits, wine, or beer; to self-distribute the licensee's product to retailers; and to make retail sales of alcohol products to adults age 21 and over. There are exemptions in the Washington State Liquor Act related to the manufacture, sale, and use of medicinal, culinary, or toilet preparations not usable as beverages, to exempt these preparations containing liquor from requirements that would otherwise apply to

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their manufacture, sale, and use.

**Summary of Bill:**

A new liquor license endorsement is established and is available at a cost of \$100 per year to any liquor manufacturer licensed in Washington as a distillery, craft distillery, domestic winery, domestic brewery, or microbrewery. The endorsement authorizes the licensee to contract with other distilleries, craft distilleries, domestic wineries, domestic breweries, and microbreweries licensed in Washington to provide packaging services.

Packaging services are specified as including, but not being limited to, the following services:

- canning, bottling, and bagging of alcoholic beverages;
- mixing products before packaging;
- repacking of finished products into mixed consumer packs or multipacks; and
- receiving and returning products to the originating liquor-licensed businesses as part of a contract in which the contracting liquor-licensed party for which the services are being provided retains title and ownership of the products at all times.

Holders of the endorsement may contract with non-liquor-licensed businesses if the contract does not include alcohol products. Holders of the endorsement are prohibited from doing any of the following:

- contracting directly or indirectly with any retail liquor licensee for the sale of the alcohol products being packaged, unless they are medicinal, culinary, or toilet preparations not usable as beverages;
- engaging in direct liquor sales to retail liquor licensees on behalf of the contracted party or the contracted party's products, except for the sale of alcohol products that are medicinal, culinary, or toilet preparations not usable as beverages; and
- mixing or infusing tetrahydrocannabinol (THC), cannabidiol (CBD), or any other cannabinoid into any products containing alcohol.

The LCB must approve a written request for an endorsement for any authorized licensee in good standing at the time of the request without further requirement for additional licensing or administrative review.

**Appropriation:** None.

**Fiscal Note:** Available.

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