

FINAL BILL REPORT

SB 5940

C 64 L 22
Synopsis as Enacted

Brief Description: Creating a liquor license endorsement.

Sponsors: Senator King.

Senate Committee on Labor, Commerce & Tribal Affairs
House Committee on Commerce & Gaming

Background: Liquor Manufacturers. The Washington State Liquor Act defines manufacturer as a person engaged in the preparation of liquor for sale, in any form whatsoever. Liquor includes alcohol, spirits, wine, and beer, and certain combinations of such products. The Liquor and Cannabis Board (LCB) is authorized to issue a license to manufacturers of liquor to manufacture, import, sell, and export liquor from the state of Washington. This license is separate from the licenses issued to distillers, domestic brewers, microbreweries, wineries, and domestic wineries.

Endorsements. Endorsements are additions to a liquor license and change the normal circumstances under which alcohol may be sold and served. Each type of endorsement is subject to specific regulations, conditions, and fees. LCB offers a number of endorsements to liquor licensees. For example, there is an endorsement for catering, beer or wine tasting, and selling growlers.

Senate Bill 5909. In 2019, SB 5909 authorized certain licensed liquor manufacturers to contract with licensed liquor distillers, craft distillers, domestic brewers, microbreweries, wineries, and domestic wineries to provide the following packaging services:

- canning, bottling, and bagging alcoholic beverages;
- mixing products before packaging; and
- receiving and returning products to the originating liquor licensed businesses as part of the contract.

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

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prohibited from:

- contracting directly or indirectly with any retail liquor licensee for the sale of alcohol products, unless they are medicinal, culinary, or toilet preparations not usable as beverages;
- engaging in direct liquor sales to retail liquor licensees, except for the sale of specified alcohol products; and
- mixing or infusing cannabinoids into any products containing alcohol.

Licensed distillers, domestic brewers, microbreweries, wineries, and domestic wineries are not authorized to contract with other businesses holding those licenses to provide the packaging services granted in the bill.

Summary: LCB licensed liquor distillers, craft distillers, domestic brewers, microbreweries, wineries, and domestic wineries may obtain an endorsement from LCB, which allows the licensee to contract with other businesses holding those licenses to provide packaging services that include, but are not limited to:

- canning, bottling, and bagging alcoholic beverages;
- mixing products before packaging;
- repacking finished products into mixed consumer packs or multi-packs; and
- receiving and returning products to the originating liquor licensed business, which retains title and ownership of such products.

Licensees holding the endorsement may also contract with other non-liquor licensed businesses if the contract does not include alcohol products. Licensees may not:

- engage in direct liquor sales with any retail liquor licensee, except for the sale of specified products not usable as beverages; and
- may not mix or infuse cannabinoids into any products containing alcohol.

LCB must approve a written request for the endorsement for any authorized licensee in good standing at the time of request without additional review. The annual endorsement fee is \$100.

Votes on Final Passage:

Senate	47	0
House	93	3

Effective: June 9, 2022