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**Commerce & Labor Committee**

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**SSB 5898**

**Brief Description:** Authorizing the use of a common carrier for the shipment of wine.

**Sponsors:** Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Kohl-Welles, Clements, Keiser, Murray, McAuliffe and Honeyford).

**Brief Summary of Substitute Bill**

- Allows in-state wineries and out-of-state wineries to use a common carrier to deliver up to 100 cases of their own production, in the aggregate, per month to licensed retailers.

**Hearing Date:** 3/16/07

**Staff:** Joan Elgee (786-7106).

**Background:**

Washington and many other states have "three-tier" systems to regulate the sale and distribution of liquor by separating the tiers of manufacturer, distributor, and retailer. The general rule is that manufacturers may not sell directly to retailers but must sell their products to licensed distributors, who in turn sell to licensed retailers.

A number of exceptions have been enacted. Domestic wineries and breweries may act as distributors of wine and beer of their own production. In addition, certificate of approval holders (wineries and breweries in other states) may also act as distributors of wine and beer of their own production with a direct shipping endorsement. Distributors must deliver beer or wine to the retailer at the retailer's licensed premises or the distributor's licensed premises, and may not use a common carrier. In 2006, legislation was enacted to allow a licensed retailer to contract with a common carrier to obtain the product directly from the manufacturer when the manufacturer is acting as a distributor. However, a manufacturer in this situation may not contract with a common carrier to deliver the product directly to a retailer.

**Summary of Bill:**

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A domestic winery or an out-of-state winery with a certificate of approval and direct shipment endorsement may use a common carrier to deliver up to 100 cases of its own production, in the aggregate, per month to licensed retailers.

**Rules Authority:** The bill does not address the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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