

SENATE BILL REPORT

HB 2657

As Reported By Senate Committee On:
Commerce, Trade, Housing & Financial Institutions, February 22, 2000

Title: An act relating to allowing a licensed distiller to hold a spirits, beer, and wine license.

Brief Description: Allowing a licensed distiller to hold a spirits, beer, and wine license.

Sponsors: Representatives B. Chandler, Conway, Clements and Wood.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/22/2000 [DP, DNP].

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Benton, Gardner, Hale, Rasmussen, T. Sheldon and Winsley.

Minority Report: Do not pass.

Signed by Senator Heavey.

Staff: Catherine Mele (786-7470)

Background: Under Washington's tied house law, certain financial ties or business relationships are prohibited between alcohol retailers and alcohol manufacturers or distributors.

The purposes of the tied-house prohibitions are to prevent manufacturers and distributors from engaging in practices that induce retailers to sell certain alcohol products and exclude others and to inappropriately increase consumption.

One type of business relationship prohibited by the tied house law is allowing licensed liquor manufacturers and distributors to also hold a retail license. However, the law does allow a brewery or a winery to hold a spirits, beer, wine restaurant license for operation of a restaurant on the site of the brewery or winery or on contiguous property.

A distiller manufactures spirituous liquor products and must be licensed under liquor laws.

Summary of Bill: An exception to the tied house law is created to allow a licensed distiller to hold a spirits, beer, and wine restaurant license for the operation of a restaurant on the site of the distillery or on contiguous property. This exception is similar to the exception granted to breweries and wineries.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill allows distillers to market products through their own outlet. The distillers would have to purchase these products through the Liquor Control Board, and thus would remain well regulated. A restaurant on a distillery's premises is well suited for tourism, and a welcome addition to small business in Washington State.

Testimony as Neutral: The Liquor Control Board believes this is a policy decision for the Legislature. The Restaurant Association is not against the bill but wanted to point out some policy considerations. The first is that there are many exceptions to the three tiered system, and the Legislature should be mindful of these exceptions. Second, this bill could attract new distillers to Washington.

Testimony Against: None.

Testified: Crayne Horton, Fish Brewing Co. (pro); Michael Transue, WA Restaurant Association (neutral).