

# HOUSE BILL REPORT

## SB 5011

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to removing the expiration date on chapter 302, Laws of 2006.

**Brief Description:** Removing the expiration date on the 2006 beer and wine distribution bill.

**Sponsors:** Senators Kohl-Welles, Parlette, Keiser and Rasmussen.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 3/16/07, 3/23/07 [DP].

**Brief Summary of Bill**

- Removes the June 30, 2008 expiration date for the direct shipment of beer and wine by out-of state wineries and breweries to retailers.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 6 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Green, Moeller and Williams.

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

**Background:**

In *Costco Wholesale Corp. v. Hoen, et al* (2005), the U.S. District Court for the Western District of Washington struck down Washington laws that allowed in-state, but not out-of-state, wineries and breweries to ship their products directly to retailers. Relying on a recent United States Supreme Court case, *Granholm v. Heald*, the court in *Costco* held that these laws discriminated against out-of-state wineries and breweries in violation of the Commerce Clause.

In 2006, the Legislature extended the direct shipping privilege to out-of state wineries and breweries. These provisions expire on June 30, 2008.

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*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.*

**Summary of Bill:**

The June 30, 2008, expiration date for the direct shipment of beer and wine to retailers by out-of-state breweries and wineries is removed.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) Last year's bill continued the right to self-distribute, one of the most important rights for Washington wineries. This particular provision is not at issue in the *Costco* litigation and we are a little bit anxious about waiting until next year to remove the sunset that would take away our right to self-distribute. The issues have been adequately addressed.

(Neutral) This issue is no longer part of the litigation and we are neutral as to whether the expiration date should be removed.

(Opposed) None.

**Persons Testifying:** (In support) Jean Leonard, Washington Wine Institute.

(Neutral) Rick Garza, Liquor Control Board.

**Persons Signed In To Testify But Not Testifying:** None.