

FINAL BILL REPORT

SSB 6485

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Synopsis as Enacted

Brief Description: Modifying craft distillery provisions.

Sponsors: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Marr, King, Kohl-Welles, Hewitt, Hatfield, Delvin, Hobbs and Rockefeller).

Senate Committee on Labor, Commerce & Consumer Protection
House Committee on Commerce & Labor

Background: Individuals seeking to distill spirits in Washington must obtain a license from the Liquor Control Board (LCB). The annual fee for a distillery license is \$2,000 and for a craft distillery the fee is \$100. To qualify as a craft distillery, the distiller must produce no more than 20,000 gallons of spirits with at least half of the raw materials used in the production grown in Washington. Craft distilleries can only sell spirits of their own production to on-premise customers, the LCB, and out-of-state entities. Craft distilleries are not authorized to sell spirits directly to in-state retailers, distributors, or manufacturers.

A grower's license is a type of manufacturer's license that allows the licensee to sell wine that is made from his or her own grapes or other agricultural product. Under a grower's license, the owner of the agricultural product contracts for the manufacturing of wine from the grower's own product, which the grower can then sell in bulk to licensed wineries or distilleries, or export out-of-state.

Under state law, an industry member cannot advance, and a retailer cannot receive, money or moneys' worth. The provision of personal services, including pouring and dispensing of liquor by manufacturers, generally falls within the moneys' worth prohibition. A number of exemptions to the moneys' worth prohibition have been granted, including a provision allowing breweries and wineries to pour and dispense beer or wine for special occasion licensees at tasting exhibitions or judging events, and a provision allowing wineries to perform personal services for retailers.

Summary: The amount of spirits a craft distillery can distill is increased from 20,000 to 60,000 gallons.

Craft distilleries may contract distilled spirits for, and sell contract distilled spirits to, holders of distillery or manufacturers licenses, or for export.

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.

The holder of a grower's license may contract for the manufacturing of spirits from the grower's own agricultural products and sell the spirits in bulk to a licensed winery, distillery, or export them out-of-state.

Domestic distillers, or their accredited representatives, may pour or dispense spirits for a special occasion licensee.

Votes on Final Passage:

Senate	43	3	
House	97	1	(House amended)
House	96	2	(House reconsidered)
Senate	43	3	(Senate concurred)

Effective: June 10, 2010