

SENATE BILL REPORT

SB 5059

As Reported by Senate Committee On:
Labor & Commerce, January 29, 2019

Title: An act relating to allowing the legislative gift center to sell products produced in Washington by craft distillers and microbreweries.

Brief Description: Allowing the legislative gift center to sell products produced in Washington by craft distillers and microbreweries. [**Revised for 1st Substitute:** Allowing the legislative gift center to sell products produced by craft distillers and microbreweries.]

Sponsors: Senators Hasegawa, Conway, Fortunato, Palumbo, Hunt and Van De Wege.

Brief History:

Committee Activity: Labor & Commerce: 1/17/19, 1/29/19 [DPS].

Brief Summary of First Substitute Bill

- Authorizes the Legislative Gift Center to sell products made by craft distillers and microbreweries.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5059 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Braun, Saldaña, Walsh and Wellman.

Staff: Richard Rodger (786-7461)

Background: The Legislative Gift Center (gift center) was created in 2007 and is authorized to sell Washington products, souvenirs, and items bearing the state seal. The Chief Clerk of the House of Representatives and the Secretary of the Senate are charged with governance of the gift center. Profits from gift center sales are deposited into the Legislative Oral History Account; the Washington State Legacy Project, State Library, and Archives Account; and the Capitol Furnishings Preservation Committee Account.

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 gift center may sell wine produced in Washington by a licensed domestic winery for off-premises consumption. Wine may be sold only to individuals twenty-one years of age or older for personal use, and must be purchased from a licensed wine distributor or manufacturer. The gift center must collect and remit applicable taxes to the Department of Revenue (DOR). To select wines for sale, the gift center is directed to consult with the Washington Wine Commission, which must consider award-winning wines in assisting the gift center.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): The gift center may sell spirits produced by a licensed craft distillery and beer produced by a licensed microbrewery. The gift center may only sell up to two craft spirits and two microbrews at a time. The products may only be sold for up to two months before being rotated to new products. The craft spirits and microbrews may only be sold to individuals twenty-one years of age or older and must be sold for personal use and not for resale. The microbrews must be in sealed bottles or cans.

When selecting the craft spirits and microbrews to be sold, the gift center must consult with interest groups representing craft distilleries and the Washington Beer Commission. Consideration must be given to award winning craft spirits and microbrews.

The gift center must collect and remit to DOR all applicable state fees and taxes and local taxes on sales of wine, beer, and spirits.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Limits the gift center to selling no more than two craft spirits and two microbrews at a time.
- Requires the craft spirits and microbrew products to be rotated at least every two months.
- Removes references to the term domestic as it related to wine, craft spirits, and microbreweries.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: This bill passed the committee unanimously last year. I would leave it to the committee to decide whether to expand the bill to include all distillers, instead of just the small craft distillers.

CON: A recent study concluded that there is not a safe level of alcohol consumption. We need to carefully evaluate all legislation that expands alcohol access and promotion. Not all legislation on alcohol is equally objectionable. The question with this bill is how far are we going to go. Are we going to propose that marijuana products be sold next; they are legal products in the state.

OTHER: Our only concern was with the collection of the license issuance fee on spirits and that concern is addressed by the proposed substitute bill.

Persons Testifying: PRO: Senator Bob Hasegawa, Prime Sponsor.

CON: Seth Dawson, Washington Association for Substance Abuse Prevention; James McMahan, Washington Association of Sheriffs and Police Chiefs.

OTHER: Chris Thompson, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: No one.