

# SENATE BILL REPORT

## SB 5394

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As Reported by Senate Committee On:  
Labor & Commerce, February 4, 2019

**Title:** An act relating to liquor licensees' use of web sites and social media to promote authorized events.

**Brief Description:** Concerning liquor licensees' use of web sites and social media to promote authorized events. [**Revised for 1st Substitute:** Concerning liquor licensees' use of web sites and social media to promote events.]

**Sponsors:** Senators King, Conway, Palumbo and Keiser.

**Brief History:**

**Committee Activity:** Labor & Commerce: 1/29/19, 1/31/19, 2/04/19 [DPS].

**Brief Summary of First Substitute Bill**

- Allows liquor manufacturers and distributors to use web sites or social media accounts to share promotional information about events featuring their products that will be held at a retailer's location or a licensed special occasion event.
- Prohibits certain activities related to posting or sharing information about the events.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Majority Report:** That Substitute Senate Bill No. 5394 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:** Washington's tied house laws regulate the relationship between liquor industry members and retailers. Industry members include licensed manufacturers, producers, suppliers, importers, wholesalers, distributors, authorized representatives, certificate of approval holders, and warehouses.

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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.*

In general, tied house laws are meant to regulate how liquor is marketed and prevent the vertical integration of the three tiers of the liquor industry. The general rule is no industry member may advance, and no retailer may receive, monies or monies' worth under an agreement or by means of any other business practice or arrangement. There are numerous exceptions to the tied house laws, such as the provision of branded promotional items which are of nominal value and certain services provided to a special occasion licensee.

One exception to the tied house laws allows industry members to list, on their web sites, information related to retailers who sell or promote their products, including direct links to the retailers' web sites. Retailers are also allowed to list similar information on their web sites regarding industry members.

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

**Summary of Bill (First Substitute):** Manufacturers, distributors, or their licensed representatives may use their web sites or social media accounts to post, repost, or share promotional information or images about events featuring their products, for events held at an on-premises licensed liquor retailer's location or a licensed special occasion event. The promotional information may include links to purchase event tickets.

Manufacturers, distributors, or their licensed representatives may not pay a third party to enhance viewership of a specific post. Industry members, or their licensed representatives, are not obligated to post or share information or images on a web site or on social media.

A licensed liquor retailer may not require an industry member or their representative to post or share information or images as a condition for selling any alcohol to the retailer or participating in a retailer's event.

**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 First Substitute:** PRO: This bill offers a clarification to make it easier to understand and follow the regulations on sharing information about nonprofit events and festivals. As a marketing professional, I fully support this new bill that will allow me to share my passion of wine with our fans and friends. The current law is restrictive and confusing. These provisions will help us better support our local nonprofit events.

The bill is really just a clarifying measure. Breweries can already make posts on their social media accounts, however, the language is a bit grey regarding the type of language that can be used. The bill will make it clear and ensure the breweries are in compliance with the laws regarding their communications to their customers. The current law restricts the ability of

breweries and wineries to help support nonprofit charitable events and the bill will allow us to provide more assistance. The bill is a logical update for how people communicate and share information. It will reduce confusion and might reduce the workload for our agency.

CON: Our organization reviews all alcohol and marijuana bills before the Legislature using a checklist with our priorities. We are generally opposed to bills, like this one, that increases the access to alcohol and increases the promotion of alcohol.

**Persons Testifying:** PRO: Senator Curtis King, Prime Sponsor; Annie McGrath, Washington Brewers Guild; Chris Thompson, Liquor and Cannabis Board; Josh McDonald, Washington Wine Institute; Pamela Brulotte, Icycle Brewing Company; Keri Tawney, DeLille Cellars.

CON: Seth Dawson, Washington Association for Substance Abuse and Violence Prevention.

**Persons Signed In To Testify But Not Testifying:** PRO: Annie McGrath, Washington Brewers Guild; Zachary Lindahl, Washington Hospitality Association; Josh McDonald, Washington Wine Institute; Mike Stevens, Washington Wine Institute.