

HOUSE BILL REPORT

SSB 5776

*As Reported By House Committee on:
Commerce & Labor*

Title: An act relating to alcoholic beverage control.

Brief Description: Regulating alcoholic beverages.

Sponsor(s): Senate Committee on Commerce & Labor (originally sponsored by Senator McMullen).

Brief History:

Reported by House Committee on:
Commerce & Labor, April 5, 1991, DPA.

**HOUSE COMMITTEE ON
COMMERCE & LABOR**

Majority Report: *Do pass as amended.* Signed by 10 members: Representatives Heavey, Chair; Cole, Vice Chair; Fuhrman, Ranking Minority Member; Lisk, Assistant Ranking Minority Member; Franklin; Jones; R. King; O'Brien; Prentice; and Wilson.

Staff: Jim Kelley (786-7166).

Background: It is unlawful to sell liquor without a license or permit from the Liquor Control Board. "Sell" is defined broadly to include supplying or distributing liquor by any means whatsoever. Therefore, it is technically unlawful for an individual to give liquor as a gift to another individual.

Under state law, wine that contains less than 14 percent alcohol by volume is called table wine. Fortified or dessert wine is defined as any beverage fortified with wine spirits, such as port, sherry, muscatel and angelica, containing equal to or more than 14 but not greater than 24 percent alcohol by volume.

Under federal law, table wine is any wine containing no more than 14 percent alcohol by volume. Fortified or dessert wine is any beverage fortified with wine spirits containing more than 14 but not greater than 24 percent alcohol by volume.

Domestic wineries that have shipped wine to out-of-state wholesalers may not have their unsold wine returned for possible sale within the state.

Under the current policy of the board, domestic wineries desiring to make "sparkling wines" are allowed to ship wine out of the state to complete the process of making "sparkling wine." The wine may then be shipped back to be sold by the domestic winery. A domestic winery is not required to obtain a separate license for the purpose of conducting such activity.

The Washington State Liquor Control Board was established in 1933 and manages all activities relating to the sale of alcoholic beverages. Activities include operation of state liquor stores, licensing of retail outlets, and enforcement of liquor laws. Board operations are a \$350 million per year business and generate over \$1 million in taxes and excess revenue.

The board is composed of three full-time members. The governor appoints the members and designates one as chair. Each board member administers some aspect of the liquor control operation. Changes in policy require a majority vote of the board.

Summary of Amended Bill: An individual not licensed by the Liquor Control Board may give liquor to another individual, also not licensed by the board, for personal use only.

Table wine and fortified wine are defined consistent with federal law. Table wine is defined as any beverage containing no more than 14 percent of alcohol by volume. Fortified wine is defined as any wine containing more than 14 but not greater than 24 percent alcohol by volume.

Domestic wineries that have shipped wine to out-of-state wholesalers are allowed to have their unsold wine returned for possible sale within the state.

The board's current policy allowing domestic wineries to ship wine out-of-state for the purpose of making "sparkling wine" is codified.

A bona fide charitable or nonprofit organization may offer unopened bottles of liquor as prizes at raffles.

Licensed premises must post signs in conspicuous locations warning women of the potential hazards associated with the consumption of alcohol when pregnant.

The existing three-member Liquor Control Board is expanded to five members and becomes a part-time rule-making body. This group retains the responsibility for adopting rules in areas such as: determining the classes, varieties, and brands sold in stores; prescribing how records must be kept; and prescribing the fees to be paid for various licenses and permits. In addition to retaining rule-making authority, the five-member board continues to determine the location and number of state liquor stores and vendors, and this body makes the final decision in any adjudicative proceedings.

The Washington State Liquor Control Agency is established as a state agency. The governor appoints an agency director, subject to confirmation by the Senate. The director serves at the pleasure of, and is paid a salary determined by, the governor. Authority for the general administration of the agency transfers from the board to the director. For example, the director is responsible for supervising and administering the operations of the agency, hiring personnel, and entering into contracts for the agency.

The director is required to prepare and execute an integrated liquor control plan which includes at least: 1) a program to integrate the regulatory, merchandising, and administrative responsibilities of the agency; 2) a program of public information regarding alcohol abuse prevention; and 3) a strategy for implementing the integrated plan.

The code reviser is directed to prepare and present to the 1992 Legislature, a bill that corrects statutory references to the Liquor Control Board that are no longer accurate because of this legislation.

Amended Bill Compared to Substitute Bill: The amendment retains all of the provisions of the substitute Senate bill and in addition, the amendment: (1) provides for reorganization of the Liquor Control Board; (2) allows a bona fide charitable or nonprofit organization to offer unopened bottles of liquor as prizes at raffles; and (3) requires licensed premises to post signs in conspicuous locations warning women of the potential hazards associated with the consumption of alcohol when pregnant.

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Fiscal Note: Requested April 5, 1991.

Effective Date of Amended Bill: Sections 1 through 22 take effect January 1, 1992.

Testimony For: (Substitute Senate Bill): This bill adequately addresses many problems in the liquor code that have caused problems for some time. The board has no problem with this bill.

Testimony Against: (Substitute Senate Bill): None.

Witnesses: Carter Mitchell, Liquor Control Board (in favor); and Victoria Chiechi, Washington Wine Institute (in favor).