

SENATE BILL REPORT

SSB 5175

As Reported By Senate Committee On:
Labor, Commerce & Trade, February 1, 1996

Title: An act relating to certain retail liquor licensees being licensed as manufacturers.

Brief Description: Permitting certain retail liquor licensees to be licensed as manufacturers.

Sponsors: Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Pelz and Deccio; by request of Liquor Control Board).

Brief History:

Committee Activity: Labor, Commerce & Trade: 1/19/95, 1/24/95 [DPS]; 1/30/96; 2/1/96 [DP2S].

Passed Senate, 3/11/95, 48-0.

SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

Majority Report: That Second Substitute Senate Bill No. 5175 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; Deccio, Franklin, Fraser, McDonald, Newhouse and Wojahn.

Staff: Traci Ratzliff (786-7452)

Background: Under current law, a liquor manufacturer or wholesaler is prohibited from holding a retail liquor license. However, a licensed owner of a brewery or winery is allowed to act as a manufacturer, wholesaler and retailer for his or her own product and may also obtain a class H restaurant license to sell liquor of another's making for on-premise consumption. A retail liquor licensee such as a beer and wine restaurant, a class H restaurant, or a tavern, licensed for on-premise consumption of liquor is currently prohibited from obtaining a brewery or winery license.

Restaurant owners have expressed a desire to establish microbrews in their licensed restaurants. Current law prohibits these arrangements.

Summary of Second Substitute Bill: A retail liquor licensee, such as a beer and wine restaurant, a Class H restaurant, or a tavern, who sells liquor for on-premise consumption may obtain a public house license. This license permits an operator to manufacture and sell beer of its own making for consumption on the licensed premises. A public house licensee may also sell beer or wine manufactured by others for on-premise consumption and obtain a class H license to sell liquor by the drink for on-premise consumption.

Second Substitute Bill Compared to Substitute Bill: A new type of liquor license is established to allow a retail liquor licensee to manufacture and sell beer of his or her own

making for on-premise consumption only. Provisions allowing such licensees to manufacture wine and to sell manufactured beer for off-premise consumption are deleted.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill will provide companies with additional business opportunities, give consumers more selections when it comes to handcrafted beers and stimulate additional commerce in the state.

Testimony Against: We think there should be a limit on the amount of beer manufactured and a limit on the number of restaurants to which the beer can be distributed.

Testified: PRO: Aaron Burks, Vanninis Italian Restaurant; Kit Hawkins, Restaurant Assn.; Carter Mitchell, Liquor Control Board; Vicki Chiechi-Hinze, Washington Wine Institute; CON: Larry Baush, Crane Horton, Washington Assn. of Small Brewers; T.K. Bentler, Redhook and Hart Brewing Companies.