

SENATE BILL REPORT

SB 6009

As Reported By Senate Committee On:
Agriculture & Agricultural Trade & Development, February 28, 1995

Title: An act relating to the malt beverage commission.

Brief Description: Creating the malt beverage commission.

Sponsors: Senators Rasmussen, Loveland, Finkbeiner, Morton, Bauer, McAuliffe, Drew and Kohl.

Brief History:

Committee Activity: Agriculture & Agricultural Trade & Development: 2/28/95 [DPS].

SENATE COMMITTEE ON AGRICULTURE & AGRICULTURAL TRADE & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6009 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rasmussen, Chair; Loveland, Vice Chair; Bauer, Morton and Snyder.

Staff: Bob Lee (786-7404)

Background: There currently exist a number of commissions that have been created to promote a particular product grown or produced in the state. For example, there is a Washington Wine Commission whose function is to promote wines produced in Washington State and conduct research on improving the production of wine and wine grapes in this state. There also is a Hop Commission whose function is to improve the production and marketing of hops produced in the state.

Summary of Substitute Bill: A Washington Malt Beverage Commission is created. The commission comprises eleven members: seven producers of beer, one hop producer, one malt producer, one grain grower and one beer wholesaler. The members of the commission are appointed by the director of the Department of Agriculture. Members of the commission serve three-year terms that are staggered.

Beer producer is defined as an entity licensed to produce beer in this state and who produces under 100,000 barrels per year per location.

The major objectives of the commission's research, promotional and educational activities include:

1. Establishment of Washington beer as a major factor in markets for beer;
2. Promoting Washington breweries as tourist attractions;

3. Encouraging favorable reports for Washington beer and breweries in the press throughout the world;
4. Establishing markets for state-produced beer as a major source of premium beer;
5. Encouraging favorable legislative and regulatory treatment of Washington beer in markets everywhere; and
6. Fostering economic conditions favorable to investment in production of hops and Washington beer.

The commission conducts a comprehensive research, promotional and educational campaign. The commission may conduct promotional hosting of beer at no charge to aid the marketing, advertising, and research activities of the commission.

The commission is granted other powers including the election of a chair and other officers of the commission, to hire and discharge employees, to receive beer or other in-kind contributions from breweries, and to acquire property and enter into contracts including contracts for promotional literature.

Upon approval of a referendum, the commission must collect upon all beer produced in this state an annual assessment of \$1 per barrel, to be paid by the beer producer, on up to a maximum of 30,000 barrels per location. To approve the referendum, at least 51 percent of beer producers replying to the referendum must vote affirmatively. The referendum is conducted on or before September 15, 1995.

If one producer of beer produces over 25 percent of the beer produced in the state, a weighted voting mechanism takes effect. The weighted voting mechanism provides that each member has voting power of 11 times the percentage of beer produced in the state, not to exceed five and one-half votes.

Substitute Bill Compared to Original Bill: The scope of the commission's activities were reduced to exclude hop production research and the possible assessment of hop growers.

Appropriation: None.

Fiscal Note: Requested on February 23, 1995.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1995.

Testimony For: The microbrewery industry is growing by about 40 percent per year. Currently, there is a significant amount of tourist activity at microbreweries that is occurring without much solicitation or advertising. There is significant consumer interest and enthusiasm with beer brewed by microbreweries.

A commission, similar to the Washington Wine Commission, that could advertise the product and tourism on behalf of the industry is needed.

Testimony Against: None.

Testified: Larry Bausch, Washington Association of Small Brewers (pro); Crayne Horton, President, Fish Brewing Company (pro); Anthony Grassi, Director, T.K. Bentler, Lobbyist, Redhook Ale Brewery (pro).