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## Commerce & Gaming Committee

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### HB 1429

**Brief Description:** Expanding authorized personal services by liquor industry members to retailers.

**Sponsors:** Representatives S. Hunt and Hurst.

#### Brief Summary of Bill

- Allows personal services performed by alcohol industry members for retailers to include enhanced packaging promotions.
- Permits distillers, importers, and manufacturers of spirits to perform personal services for certain retailers.

**Hearing Date:** 1/27/15

**Staff:** David Rubenstein (786-7153).

#### Background:

Washington's "tied-house" laws regulate the relationship between liquor manufacturers, distributors ("industry members"), and retailers. In general, tied-house laws are meant to regulate how liquor is marketed and to prevent the vertical integration of the three tiers of the liquor industry. The general rule is that no industry member may advance and no retailer may receive moneys or money's worth under an agreement, or by means of any other business practice or arrangement.

There are numerous exceptions to the tied-house laws. One exception allows wineries to perform personal services for retailers on a licensed premises to inform, educate, or enhance customers' knowledge or experience of the wineries' products. Such services can include pourings, bottle-signing events, and similar informational activities. If the services include sampling of wine, the costs must not be borne by the winery. Another exception allows breweries and microbreweries to perform similar services for grocery store licensees with a tasting endorsement during a tasting event.

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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.*

## **Summary of Bill:**

### Enhanced Packaging Promotions.

Wineries may include enhanced packaging promotions as part of the personal services offered to retailers.

Breweries and microbreweries may perform personal services for beer and wine specialty shops, in addition to grocery store licensees, which are already in statute. Enhanced packaging promotions are also added to the list of services the breweries may perform.

### Exception for Distillers.

Distillers and importers of spirits are also granted an exception to the tied-house laws for personal services. The services must be conducted at a licensed premises and with the intent to educate customers or enhance their knowledge or experience of the manufacturer's products.

Services may include pourings, bottle-signing events, enhanced packaging promotions, and other similar activities. Also, the activities must occur on the premises of a grocery store with a spirits retail license and a tasting endorsement or a beer and wine specialty shop with a spirits retail license. All sampling activities must be conducted in compliance with the spirits sampling program allowed to licensees participating in the responsible vendor program under rules applicable to beer and wine specialty shops and grocery stores, and costs must not be borne by the distiller or importer.

As with wineries and breweries, distillers are not obligated to perform personal services nor may a retailer require a distiller to perform personal services as a condition for selling its products.

### Industry Agents.

It is clarified that agents of breweries, wineries, distilleries, and importers may perform the personal services authorized by statute.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.