

HOUSE BILL REPORT

SSB 5589

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to distillery promotional items and spirit sample sales.

Brief Description: Concerning distillery promotional items and spirit sample sales.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators Keiser and Baumgartner).

Brief History:

Committee Activity:

Commerce & Gaming: 3/20/17, 3/21/17 [DPA].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Provides that the 0.5 ounce samples of spirits that a distillery may provide to persons on the premises of the distillery for free or for a charge may be adulterated with mixers with alcohol of the distillery's own production.
- Authorizes distilleries to sell adulterated samples of spirits of their own production, water, and/or ice to persons on the premises of the distillery (not subject to the 0.5 ounce limit per sample).
- Establishes that the maximum amount of alcohol that a person may sample, per day, on the premises of a distillery, is 2 ounces.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass as amended. Signed by 10 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby and Young.

Minority Report: Do not pass. Signed by 1 member: Representative Ryu.

Staff: Peter Clodfelter (786-7127).

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.

Background:

The state Liquor and Cannabis Board (LCB) licenses distilleries. The fee is \$2,000 annually unless the distillery qualifies as a craft distillery, in which case, the fee is \$100 annually. A licensed distillery may sell spirits of its own production for consumption off the premises, and must comply with applicable laws and rules relating to retailers when doing so. A licensed distillery may also contract distilled spirits for, and sell contract distilled spirits to, holders of distillers or manufacturers' licenses, or for export. Additionally, distilleries may self-distribute spirits of their own production.

Further, a licensed distillery may provide free or for a charge, 0.5 ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person, per day is 2 ounces. Spirits samples may be adulterated with nonalcoholic mixers, water, and/or ice. Any person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit.

Summary of Amended Bill:

The 0.5 ounce samples of spirits that a distillery may provide to persons on the premises of the distillery for free or for a charge may be adulterated with mixers with alcohol of the distiller's own production. Additionally, distillers may sell adulterated samples of spirits of their own production, water, and/or ice to persons on the premises of the distillery (which are not subject to the 0.5 ounce limit per sample). However, the maximum amount of alcohol per person, per day is 2 ounces.

Amended Bill Compared to Substitute Bill:

The amended bill makes the following changes:

- Existing law regarding private label alcohol is restored.
- A redundant use of the phrase "of spirits of its own production" is eliminated.

Appropriation: None.**Fiscal Note:** Available.**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.**Staff Summary of Public Testimony:**

(In support) This will benefit both distilleries and their customers. Distillery customers want to sample spirits with different types of mixers, which this proposal allows. Customers do not always want their samples to be neat without any adulteration.

(Opposed) Stakeholders oppose this proposal because of concerns related to mixing alcohol and driving. The law enforcement message is clear that alcohol should not be mixed with driving, and this message should not be blurred. Youth access to alcohol is also an issue. Despite laws prohibiting alcohol-related mugs and glasses from being targeted toward youth, youth nevertheless obtain access to those types of promotional items.

(Other) Distilleries should have parity with wineries and breweries. There are not statutory caps for breweries and wineries on how many drinks a person may be served on the brewery or winery premises, so long as the person is not overserved. Distilleries should be able to operate under similar requirements and not have a cap on how many samples or drinks may be served at the distillery premises, so long as people are not overserved. Currently, distilleries are capped at not serving a person more than 2 ounces of spirits per day on the premises of the distillery. There have not been any issues with distilleries serving minors or overserving customers. Relative to other types of alcohol, spirits servings contain the smallest amount of alcohol per serving. Stakeholders have worked with the LCB on a potential amendment to the bill to allow the equivalent of three servings of spirits per person, per day on the distillery premises, subject to restrictions. Some stakeholders find the bill confusing because it restates existing privileges and does not provide new privileges. The LCB views this proposal as a new policy that expands the privileges of distilleries regarding sampling, but has worked with proponents and does not object to the proposal.

Persons Testifying: (In support) Senator Keiser, prime sponsor.

(Opposed) Seth Dawson, Washington Association for Substance Abuse Prevention.

(Other) Justin Stiefel, Heritage Distilling Company; and James Paribello, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: None.