

SENATE BILL REPORT

SB 5006

As Reported by Senate Committee On:
Labor & Commerce, February 12, 2019

Title: An act relating to allowing the sale of wine by microbrewery license holders.

Brief Description: Allowing the sale of wine by microbrewery license holders.

Sponsors: Senators Takko, Fortunato, Palumbo and Mullet.

Brief History:

Committee Activity: Labor & Commerce: 1/17/19, 2/12/19 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Authorizes microbreweries to sell wine from its premises for on-premises consumption.
- Establishes a \$200 annual fee for the license endorsement.
- Requires individuals who sell or serve beer, cider, or wine at a microbrewery to have a class 12 or 13 alcohol server permit.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5006 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Braun, Saldaña and Walsh.

Minority Report: That it be referred without recommendation.

Signed by Senator Wellman.

Staff: Richard Rodger (786-7461)

Background: A microbrewery license authorizes production of up to 60,000 barrels of malt liquor, including strong beer, per year. Microbreweries are permitted to sell from its premises, for on- or off-premises consumption: beer of its own production; beer produced by another microbrewery, provided the other brewery's beers do not constitute more than 25

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percent of the on-tap offerings; and cider produced by a domestic winery. A domestic winery is a place where wines are manufactured or produced within the State of Washington.

An alcohol server permit is required for employees who sell, serve, or handle alcohol. The permit is issued after the successful completion of a mandatory alcohol server training course and the associated examination. A class 12 permit is issued for individuals who are age twenty-one or older. A more limited class 13 permit is issued for individuals age eighteen to twenty.

Summary of Bill (First Substitute): A licensed microbrewery may apply for an endorsement to sell, by the individual glass, wine produced by a winery for on-premises consumption. The fee for the endorsement is \$200 per year.

Any person selling or serving beer, cider, or wine at a microbrewery for on-premises consumption must obtain a class 12 or class 13 alcohol server permit.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Removes the provisions that limited microbreweries to serving just domestic beer, cider and wine.
- Raises the fee for a microbrewery to serve wine by the glass from \$125 to \$200.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on October 1, 2019.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The endorsement authorized under this bill would allow microbreweries to sell wine by the glass. Some microbrewery patrons do not drink beer and would prefer to have wine. This bill would allow that and would be used by microbreweries all over the state. The prime sponsor is willing to remove the limitation that the only wine could be domestic wine made in Washington.

CON: A recent study concluded that there is not a safe level of alcohol consumption. We need to carefully evaluate all legislation that expands alcohol access and promotion. Not all legislation on alcohol is equally objectionable and our opposition is pretty mild on this bill. Keep in mind that once you allow a provision for beer, then you will be asked for the same provision for wine.

OTHER: Currently there are two avenues that would allow microbreweries to sell beer and wine. The microbreweries could get a restaurant beer and wine license or a tavern license. The restaurant license requires the establishment to have a kitchen and serve food, while the tavern license would be restricted to adults age twenty-one or older. If the bill passes,

microbreweries would be able to serve beer and wine without having to follow the requirements imposed on other licensees. While we are neutral on this bill, many of the smaller breweries would like this option.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor; Rowland Thompson, The Wine Institute.

CON: Seth Dawson, Washington Association for Substance Abuse Prevention.

OTHER: Zachary Lindahl, Washington Hospitality Association; Annie McGrath, Washington Brewers Guild.

Persons Signed In To Testify But Not Testifying: No one.