

SENATE BILL REPORT

SB 5051

As Reported By Senate Committee On:
Commerce & Trade, February 27, 2003

Title: An act relating to strong beer.

Brief Description: Removing the sale of strong beer from the exclusive jurisdiction of the liquor control board.

Sponsors: Senator Jacobsen.

Brief History:

Committee Activity: Commerce & Trade: 1/31/03, 2/27/03 [DPS].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: That Substitute Senate Bill No. 5051 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: Elizabeth Mitchell (786-7430)

Background: "Strong beer" is defined in current law as beer that exceeds 8 percent alcohol by weight.

The Liquor Control Board issues licenses to restaurants, taverns, private clubs and specialty shops that sell beer and wine. If the board finds that the sale of fortified wine (wine exceeding 14 percent of alcohol by volume) would be against the public interest, the board can restrict a specialty shop owner to selling only beer and table wine (wine with up to 14 percent alcohol by volume).

There are several per gallon taxes imposed on beer manufacturers and distributors. There are also several taxes imposed on the retail sales of spirits. Strong beer is currently classified as a spirit for the purposes of some of these taxes.

Beer manufacturers, distributors, and importers are regulated by the Liquor Control Board.

Summary of Substitute Bill: Strong beer may be sold by restaurant, tavern, private club, grocery store, and specialty shop license holders. If the board finds that the sale of strong beer is against the public interest, it can restrict a specialty shop or grocery store license holder to selling only beer and table wine.

Per gallon taxes on the manufacturing and distribution of beer apply to strong beer. Strong beer is no longer classified as a spirit for purposes of sales tax.

The following provisions for manufacturers, distributors and importers apply to beer in current law, and are extended to strong beer.

Beer manufacturers must provide a statement to the board each month showing the quantity of strong beer sold to distributors. Beer manufacturers located outside the state of Washington must hold a certificate of approval to allow sales and shipment of their strong beer to licensed Washington beer distributors or importers. Manufacturers must sell strong beer in sealed packages or barrels. Microbreweries can act as distributors and retailers of strong beer of their own production, and can receive an endorsement to sell strong beer for on-premises consumption.

Beer distributors can sell strong beer purchased from licensed Washington breweries, licensed beer importers, or suppliers of foreign beer to licensed beer retailers and other distributors, and can export strong beer from the state of Washington.

Beer importers can import strong beer produced outside of Washington State into Washington, and they can sell the strong beer to licensed beer distributors or export the strong beer from the state. Imported strong beer must conform to labeling regulations.

The Liquor Control Board must study the impacts of strong beer sales, and must report back to the Legislature on its findings by December 31, 2008.

Substitute Bill Compared to Original Bill: Grocery store licensees are added to the list of licensees that may sell strong beer. The Liquor Control Board must study the impacts of strong beer sales, and must report back to the Legislature on its findings by December 31, 2008.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Wholesalers will carry strong beer if there is a demand for the product.

Testimony Against: None.

Testified: Phil Wayt, WA Beer and Wine Wholesaler's Assn. (pro).