

SENATE BILL REPORT

SHB 3128

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 23, 2006

Title: An act relating to the relationship between liquor manufacturers, importers, or distributors and nonprofit organizations holding a liquor license.

Brief Description: Regulating the sale of wine by a society or organization.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Kenney, Hankins, Conway, Chandler, Wood, Condotta, Newhouse and Springer).

Brief History: Passed House: 2/10/06, 98-0.

Committee Activity: Labor, Commerce, Research & Development: 2/23/06 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Brown, Honeyford, Keiser and Prentice.

Staff: Alison Mendiola (786-7483)

Background: Under Washington's "tied-house" law, certain financial "ties" or business relationships are prohibited between alcohol manufacturers, importers, or distributors on the one hand and alcohol retailers on the other. Generally, a manufacturer or wholesaler or person interested in such business may not have a financial interest in a licensed retail business. Retailers may not conduct their business on property owned by a manufacturer or wholesaler. The tied-house law also prevents an alcohol manufacturer or wholesaler from giving money, items of value, or credit to a retailer.

There are some exceptions to this law. A licensed brewery, microbrewery, or winery may be licensed as a retailer. A distiller, brewery, microbrewery, or winery may also be licensed as a spirits, beer, and wine restaurant.

A not-for-profit group organized and operated solely for charitable, religious, social, political, educational, civic, fraternal, athletic, or benevolent purposes may obtain a retail alcohol license called a special occasion license. The special occasion license allows the not-for-profit group to sell spirits, beer, and wine for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specific date and place. Special occasion licensees are limited to sales of no more than 12 days per calendar year.

Summary of Bill: Two specific exemptions to the tied-house law are created.

A not-for-profit group formed for the purpose of constructing and operating a facility to promote Washington wines may hold retail licenses on the facility property or lease all or any portion of such facility property to a retail licensee even when the members of the board of

directors or officers for the not-for-profit organization include officers, directors, owners, or employees of a licensed domestic winery. Financing for the construction of the facility must include both public and private money.

A bona fide charitable nonprofit society or association registered under the Internal Revenue Code that has on its board of directors an officer, director, owner, or employee of a licensed domestic winery or a wine certificate of approval holder may hold a special occasion license to serve alcohol at a particular event.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: This bill creates an exemption to the tied-house law allowing people in the liquor industry to serve on not-for-profit boards even when the not-for profit is an organization involved in promoting Washington wines or an organization that serves wine, and this bill should be supported.

Testimony Against: None.

Who Testified: PRO: Jean Leonard, WA Wine Institute.