
Commerce & Gaming Committee

ESSB 6470

Brief Description: Addressing provisions concerning wineries in respect to the licensing of private collections of wine, allowing wineries to make sales for off-premises consumption at special occasion licensed events, modifying special occasion licenses, and making certain related technical corrections.

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators King, Hasegawa, Conway, Keiser, Hewitt, Rivers and Chase).

Brief Summary of Engrossed Substitute Bill

- Authorizes a nonprofit organization that obtains a special occasion liquor license to sell wine in original, unopened containers for consumption on the licensed premises.
- Authorizes a licensed domestic winery to sell wines of its own production at retail, and for off-premises consumption, at licensed special occasion events hosted by nonprofit entities, subject to specified conditions.
- Authorizes the Liquor and Cannabis Board to issue a special permit for the sale of a private collection of wine or spirits to an individual or business.
- Makes technical clarifications and corrections to various state liquor statutes.

Hearing Date: 2/22/16

Staff: Thamas Osborn (786-7129).

Background:

Special Occasion Liquor License.

A nonprofit organization that obtains a special occasion liquor license from the Liquor and Cannabis Board (LCB) may sell spirits, beer, and wine by the individual glass to be consumed on the premises specified in the license. This license permits the licensee to serve liquor at a specified event, on a specified date, and at a specified place. The fee for this license is \$60 per day, and the organization is limited to sales on no more than 12 days per year. The sale, service,

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.

and consumption of spirits, beer, or wine are limited to a designated area only. If an organization gets advance permission from the LCB, the licensee may sell spirits, beer, or wine in original, unopened containers for off-premises consumption as well.

Taxes on Liquor Donated Pursuant to a Special Permit.

The LCB can issue a variety of special permits that allow vendors, manufacturers, importers, or distributors to provide liquor without a charge to delegates and guests at specified events. These events include trade association conventions for liquor licensees, as well as international trade fairs, shows, or expositions sponsored by a governmental entity or nonprofit organization. The donated liquor must be purchased from a spirits retailer or liquor distributor and is subject to the applicable liter taxes for wines and cider and the barrel taxes on beer. The special permit statute does not specify that taxes are imposed on donated spirits.

Special Permits.

The LCB is authorized to issue a variety of special permits for selling, serving, and handling alcohol at specified events or to persons or entities that do not hold a liquor license. There are no special permits for the sale of private wine or spirits collections.

Summary of Bill:

Special Occasion Liquor Licenses and Wine Sales.

A nonprofit organization that obtains a special occasion liquor license may sell wine in original, unopened containers for consumption on the licensed premises if advance permission is obtained from the LCB.

A licensed domestic winery may sell wines of its own production at retail, and for off-premises consumption, at licensed special occasion events hosted by nonprofit entities, provided the winery obtains a license endorsement from the LCB authorizing such sales. This endorsement costs \$75 and must be renewed annually. Wine sales conducted pursuant to this endorsement are subject to the following conditions: (a) delivery to the purchaser must be on a date subsequent to the special event and at a place other than the location of the special event; (b) all wines sales must comply with statutory requirements regarding direct sales of wine to consumers; (c) the wine sold at the special event is not subject to resale; and (d) the domestic winery is entitled to the proceeds from retail sales of its wines purchased for off-premises consumption but may share such proceeds with the nonprofit entity holding the special occasion event license.

Special Permit to Sell a Private Collection of Wine or Spirits.

An individual or business may apply to the LCB for a special permit to sell a private collection of wine or spirits to another individual or business. The seller must obtain a permit at least five business days before the sale, for a fee of \$25 dollars per sale. The seller must report the sales information and pay any taxes due to the LCB within 20 days of the sale.

This special permit allows the sale of a private collection of wine or spirits to an LCB licensee. However, the permit does not allow an LCB licensee to resell the wine or spirits to an individual or business if such sale is not otherwise authorized under the seller's license. If the liquor is purchased by an LCB licensee, the subsequent resale of such liquor is fully subject to all pertinent excise and sales taxes.

Clarification on Donated Liquor.

A cross reference to the spirits excise tax statute is added to statutory provisions governing the issuance of special permits allowing vendors, manufacturers, importers, and distributors to provide liquor without charge to delegates and guests at specified events. Adding this spirits excise tax cross reference clarifies that donated spirits are subject to state tax, as are donated wine and beer.

Technical Clarifications and Corrections.

A number of technical clarifications and corrections are made to various state liquor statutes. An obsolete statute dating before Initiative 1183 and authorizing discounted liquor sales by the LCB to specific entities is repealed.

Appropriation: None.

Fiscal Note: Available.

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