

# SENATE BILL REPORT

## SHB 2342

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As of February 24, 2016

**Title:** An act relating to performance of personal services by members of the liquor industry to retailers.

**Brief Description:** Concerning performance of personal services by members of the liquor industry to retailers.

**Sponsors:** House Committee on Commerce & Gaming (originally sponsored by Representative Hurst).

**Brief History:** Passed House: 2/17/16, 50-47; 2/17/16, 50-48.

**Committee Activity:** Commerce & Labor: 2/24/16.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Richard Rodger (786-7461)

**Background:** Washington's tied-house laws regulate the relationship between liquor manufacturers, distributors (industry members), and retailers. In general, tied-house laws are meant to regulate how liquor is marketed and to prevent the vertical integration of the three tiers of the liquor industry. The general rule is that no industry member may advance and no retailer may receive moneys or moneys' worth under an agreement, or by means of any other business practice or arrangement.

There are numerous exceptions to the tied-house laws. One exception allows domestic wineries and wine certificate-of-approval holders to perform personal services to certain retailers on a licensed premises to inform, educate, or enhance customers' knowledge or experience of the wineries' products. Such services can include pourings, bottle-signing events, and similar informational activities. If the services include sampling of wine, the sampling costs must not be borne by the winery.

Another exception allows domestic breweries, microbreweries, and beer certificate-of-approval holders to perform similar personal services to grocery store licensees with a tasting endorsement during a tasting event.

Distillers, importers, manufacturers of spirits, and spirits importers to retailers are not authorized to perform personal services.

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*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.*

**Summary of Bill:** Domestic breweries, microbreweries, and beer certificate-of-approval holders may perform personal services to beer and/or wine specialty shop licensees.

Distillers, importers, manufacturers of spirits, and spirits importers are granted an exception to the tied-house laws for personal services. The services must be conducted at a licensed premises of a beer and/or wine specialty shop with a spirits retail license and with the intent to educate customers or enhance customers' knowledge or experience of the manufacturer's products. Services may include participation in pouring for tastings, bottle-signing events, personalized bottle engraving, embroidery of fabric bottle bags, and other similar activities.

All spirits sampling activities must be conducted in compliance with the spirits sampling program allowed to licensees participating in the responsible vendor program under rules applicable to beer and/or wine specialty shops, and sampling costs must not be borne by the distiller, importer, manufacturer of spirits, or spirits importer. Distillers, importers, manufacturers of spirits, and spirits importers are not obligated to perform personal services, and a beer and/or wine specialty shop with a spirits retail license may not require a distiller or importer of spirits to perform personal services as a condition of selling its products.

Agents of distillers, importers, manufacturers of spirits, or spirits importers that are not also distributors may perform the authorized personal services.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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