

HOUSE BILL REPORT

HB 1718

As Amended by the Senate

Title: An act relating to creating a special permit for certain wine auctions.

Brief Description: Creating a special permit for certain wine auctions.

Sponsors: Representatives Jenkin, Kirby, Barkis, Vick, Stanford, Nealey, Springer, Fey and Condotta.

Brief History:

Committee Activity:

Commerce & Gaming: 2/6/17, 2/7/17 [DP].

Floor Activity:

Passed House: 2/16/17, 97-0.

Senate Amended.

Passed Senate: 4/5/17, 39-9.

Brief Summary of Bill

- Authorizes the Liquor and Cannabis Board to issue a special permit to a nonprofit organization allowing such organization to sell wine through a private auction.
- Authorizes the permit holder to conduct wine tastings at the auction, provided the wine offered for tasting is the same as that being auctioned.
- Authorizes the permit holder to sell wine sourced from multiple wineries, but each winery must be identified on the permit application.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 10 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby and Ryu.

Staff: Thamas Osborn (786-7129).

Background:

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.

Special Permits Issued by the Liquor and Cannabis Board.

The Liquor and Cannabis Board (LCB) is authorized to issue a variety of special permits and licenses for selling, serving, and handling alcohol at specified events or to persons or entities that do not hold a liquor license. Nonprofit organizations are among the entities eligible for such special permits and licenses.

Special Occasion Liquor Licenses.

A nonprofit organization that obtains a special occasion liquor license from the LCB may sell spirits, beer, and wine by the individual glass to be consumed on the premises. This license permits the licensee to serve liquor at a specified event, on a specified date and place. The holder of this license may also sell wine in original, unopened containers for consumption on the premises, if prior permission is obtained from the LCB.

A domestic winery may sell wine of its own production at a nonprofit organization's licensed special occasion event.

Summary of Bill:

The LCB is authorized to issue a special permit to a nonprofit organization allowing such organization to sell wine through a private auction. The permit holder may conduct wine tastings at the auction, provided the wine offered for tasting is the same as that being auctioned. The permit is for a single event to be held at a specific time and in a specific place.

The wine offered for auction may be sourced from multiple wineries and the permit application must identify each winery participating in the auction. The total fee for a permitted auction event is \$27 multiplied by the number of wineries that are selling wine at the event.

The LCB may adopt rules to implement this special permitting process.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

- reduces the permit fee that is assessed for each winery participating in the auction from \$27 to \$25;
- creates a regulatory scheme for a new type of banquet permit to be issued by the Liquor and Cannabis Board (LCB);
- allows a nonprofit organization to obtain the banquet permit, on the day of the event, for a fee of \$10 per day;
- limits eligibility for the banquet permit to only those nonprofit organizations that have an annual gross income of less than \$250,000;
- requires that liquor served to banquet participants be provided free of charge;
- requires that the permit be for an event that is solely for the organization's members and guests and that the event not be open to the general public;
- establishes requirements as to how the liquor served at the event may be sourced or purchased for use at the event;

- authorizes the donation of liquor if the donor or organization pays all the fees and taxes that would be charged if the liquor were purchased by a consumer;
- allows the nonprofit organization to accept cash donations at an event provided such donations are in no way related or tied to the provision of liquor at the event; and
- requires that the LCB create an online permitting process and that this process allow for the issuance of the permit on the day the event occurs.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill creates a streamlined permitting process that will make it much easier to hold wine auctions at charitable and nonprofit events. Under current law, the process of getting an auction permit is unduly cumbersome and time consuming. The bill would benefit charities, promote Washington wines, and benefit viticulture/enology programs at the state universities. Currently, each winery involved in an auction has to get a separate permit to participate in an auction, whereas the bill would allow multiple wineries to participate under a single permit. Since 2015 approximately \$125,000 has been raised for charities through such auctions.

(Opposed) None.

Persons Testifying: Representative Jenkin, prime sponsor; Josh McDonald, Washington Wine Institute; Melissa Pederson, Auction of Washington Wines; and Martine Kulesa.

Persons Signed In To Testify But Not Testifying: None.