
Commerce & Gaming Committee

HB 1762

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

Sponsors: Representatives Kirby and Johnson.

Brief Summary of Bill

- Provides the spirits industry with a similar exception to the tied-house laws to those for the wine and beer industries to enable spirits industry members to offer personal services like pourings, bottle-signing events, and informational and educational events meeting certain requirements at the premises of a grocery store with a spirits retail license and a tasting endorsement or a beer and/or wine specialty shop with a spirits retail license.
- Adds beer and/or wine specialty shops as a type of liquor retail licensee to which beer industry members may offer personal services meeting certain requirements.
- Authorizes personal services offered by a wine, beer, or spirits industry member to be offered by an agent of the industry member.

Hearing Date: 2/6/17

Staff: Peter Clodfelter (786-7127).

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 monies or monies' worth under an agreement, or by means of any other business practice or arrangement.

An exception to the tied-house laws allows domestic wineries and wine certificate-of-approval holders to offer personal services like pourings, bottle-signing events, and similar informational

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activities at the premises of certain licensed liquor retailers like restaurants, specialty wine shops, grocery stores with a tasting endorsement, special occasion events, and others. Personal services must be intended to inform, educate, or enhance customers' knowledge or experience of the wineries' products. If the personal services include sampling of wine, the sampling costs may not be borne by the winery.

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

Wineries, breweries, and certificate-of-approval holders are not required to perform any personal services.

Spirits retail licensees participating in the Liquor and Cannabis Board's Responsible Vendor Program may conduct limited spirits sampling. Adult customers may receive 0.5 ounce samples of spirits, with a maximum total of 1.5 ounces of spirits, for the purposes of sale promotion. Servers who provide spirit samples must hold a class 12 alcohol server permit.

Summary of Bill:

The spirits industry is given an exception to the tied-house laws for personal services similar to the personal services exceptions for the wine and beer industries. The personal services may be offered from time to time by a distiller, importer, manufacturer of spirits, or spirits importer (hereinafter "spirits industry members") to retailers when the personal services are conducted at a licensed premises and intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products. The personal services may include participation and pouring, bottle-signing events, and other similar informational or educational activities at the premises of a grocery store with a spirits retail license and a tasting endorsement or a beer and/or wine specialty shop with a spirits retail license.

Any spirit sampling must be performed consistent with existing spirits sampling requirements. There is no obligation on spirits industry members to perform personal services. Retail licensees may not require the performance of personal services as a condition for selling any alcohol to the retail licensee, or as a condition for including any spirits product in any tasting conducted by the licensee. Generally, the costs of the sampling may not be born by the spirits industry member.

Beer and/or wine specialty shops are added as a type of liquor retail licensee to which domestic breweries, microbreweries, and beer certificate-of-approval holders may offer personal services.

The personal services provided by a wine, beer, or spirits industry member may be provided by an agent of the industry member.

Appropriation: None.

Fiscal Note: Available.

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