
Commerce & Gaming Committee

SSB 5589

Brief Description: Concerning distillery promotional items and spirit sample sales.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators Keiser and Baumgartner).

Brief Summary of Substitute Bill

- Provides that the 0.5 ounce samples of spirits that a distillery may provide to persons on the premises of the distillery for free or for a charge may be adulterated with mixers with alcohol of the distillery's own production.
- Authorizes distilleries to sell adulterated samples of spirits of their own production, water, and/or ice to persons on the premises of the distillery (not subject to the 0.5 ounce limit per sample).
- Establishes that the maximum amount of alcohol that a person may sample, per day, on the premises of a distillery, is two ounces.

Hearing Date: 3/20/17

Staff: Peter Clodfelter (786-7127).

Background:

Licensed Distilleries.

The state Liquor and Cannabis Board licenses distilleries. The fee is \$2,000 annually unless the distillery qualifies as a craft distillery, in which case, the fee is \$100 annually. A licensed distillery may sell spirits of its own production for consumption off the premises, and must comply with applicable laws and rules relating to retailers when doing so. A licensed distillery may also contract distilled spirits for, and sell contract distilled spirits to, holders of distillers or manufacturers' licenses, or for export. Additionally, distilleries may self-distribute spirits of their own production and act as a retailer of spirits of their own production.

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Additionally, a licensed distillery may provide free or for a charge, 0.5 ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person per day is 2 ounces. Spirits samples may be adulterated with nonalcoholic mixers, water, and/or ice. Any person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit.

The Tied House Laws and Private Labels.

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 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 exists for the wine and beer industries that authorizes wineries, breweries, certificate of approval holders, and retail licensees to identify the producers on certain private-label beer and wine. Generally speaking, a private label is where the label on a bottle of alcohol carries the brand name of the liquor retailer selling the alcohol, such as a hotel or grocery store, but is produced by an alcohol producer such as a winery or brewery.

Summary of Bill:

Licensed Distilleries.

The 0.5 ounce samples of spirits that a distillery may provide to persons on the premises of the distillery for free or for a charge may be adulterated with mixers with alcohol of the distiller's own production. Additionally, distillers may sell adulterated samples of spirits of their own production, water, and/or ice to persons on the premises of the distillery (which are not subject to the 0.5 ounce limit per sample). However, the maximum amount of alcohol per person per day is 2 ounces.

The Tied House Laws and Private Labels.

It is established that distilleries and craft distilleries may identify the producers on private labels, to the same extent that beer and wine manufacturers, certificate of approval holders, and retail licensees may do so.

Appropriation: None.

Fiscal Note: Available.

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