

# HOUSE BILL REPORT

## SSB 6531

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### As Reported by House Committee On: Commerce & Gaming

**Title:** An act relating to the performance of personal services by a craft distillery, distiller, or spirits certificate of approval holder.

**Brief Description:** Concerning the performance of personal services by a craft distillery, distiller, or spirits certificate of approval holder.

**Sponsors:** Senate Committee on Labor & Commerce (originally sponsored by Senators Braun, Takko and Schoesler).

#### **Brief History:**

##### **Committee Activity:**

Commerce & Gaming: 2/24/20, 2/25/20 [DPA].

#### **Brief Summary of Substitute Bill (As Amended by Committee)**

- Authorizes a craft distillery, distillery, or spirits certificate-of-approval holder to provide personal services to certain liquor retailers when intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products.
- Provides that personal services may include pourings, bottle-signing events, and other informational or educational activities, at the premises of a restaurant licensee, special occasion licensee, or private club licensee.
- Limits an individual consumer to three tastings of spirits per day through the authorization, limits each tasting to 0.5 ounce of spirits, and provides that a consumer at a restaurant must express an interest in consuming an alcoholic beverage before they may be offered a tasting of spirits.

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### HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** Do pass as amended. Signed by 10 members: Representatives Peterson, Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel, Vick and Young.

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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.*

**Staff:** Peter Clodfelter (786-7127).

**Background:**

Washington's tied-house laws regulate the relationship between liquor manufacturers, distributors, 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. Manufacturers and distributors are included in the definition of "industry member." The general requirement 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 activities at the premises of certain licensed liquor retailers like restaurants, specialty wine shops, grocery stores with a tasting endorsement, special occasion licensed events, and private clubs. 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.

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**Summary of Amended Bill:**

Authorization is added for craft distilleries, distilleries, and spirits certificate-of-approval holders to provide personal services to certain liquor retailers, subject to the following limitations:

- The personal services must be conducted at a licensed premises and be intended to inform, educate, or enhance customers' knowledge or experience of the manufacturer's products.
- The performance of personal services may include participation and pouring, bottle-signing events, and other similar informational or educational activities.
- The personal services must be performed at the premises of a restaurant holding a spirits, beer, and wine license, at the premises of a special occasion licensed event, or at the premises of a private club license.
- A craft distillery, distillery, or spirits certificate-of-approval holder is not obligated to perform personal services, and a retailer may not require a manufacturer to conduct personal services as a condition of selling any alcohol to the retailer, or as a condition for including any product of the manufacturer in any tasting conducted by the licensee.
- The instruction of consumers may include the furnishing of not more than three tastings to any individual in one day. A single tasting of distilled spirits may not exceed 0.5 ounce.

- The cost of sampling spirits may not be borne, directly or indirectly, by a craft distillery, distillery, or spirits certificate-of-approval holder.
- A consumer must first express an interest in consuming an alcoholic beverage before the consumer may be offered a tasting of spirits through the new authorization when the tasting occurs at a restaurant.
- A distillery, craft distillery, or spirits certificate-of-approval holder must train its employees and others who conduct personal services through the new authorization about the requirement that a consumer must express an interest in consuming an alcoholic beverage before the consumer may be offered a tasting of spirits at a restaurant.

### **Amended Bill Compared to Substitute Bill:**

The amended bill makes the following changes to the substitute bill:

- adds an intent section regarding consumer tastings of liquor;
- clarifies which retail licensees may receive personal services from distilleries, craft distilleries, and spirits certificate-of-approval holders by providing that the newly authorized personal services may be provided at the premises of a restaurant holding a spirits, beer, and wine license, at the premises of a special occasion licensed event, or at the premises of a private club licensee;
- provides that the cost of sampling spirits conducted pursuant to the new authorization may not be borne, directly or indirectly, by a craft distillery, distillery, or spirits certificate of approval holder; and
- adds a requirement that a consumer must first express an interest in consuming an alcoholic beverage before the consumer may be offered a tasting of spirits through the new authorization when the tasting occurs at a restaurant, and requires training of distillery employees and others who conduct the authorized personal services on behalf of a distillery on this requirement.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) Distilleries support the bill and are working on an amendment to make several changes to align the bill with the House companion bill and address concerns raised about how samplings would be conducted in restaurants. The changes will prohibit the distillery from bearing any of the costs of sampling and will also address the mindfulness of how samples are offered to consumers. An intent section may be added, and the Liquor and Cannabis Board would have rule-making authority to ensure the tastings are conducted in an appropriate manner. There is also a technical change to clarify which retail licensees may

receive the personal services from distilleries outlined in the bill. The distillery industry welcomes the amendments and supports the bill.

(Opposed) None.

(Other) Stakeholders from the substance abuse and prevention community will be neutral on this bill with the adoption of an agreed-upon amendment. The concerns relate more to a law enacted several years ago allowing sampling of beer and wine in restaurants. When sampling takes place in a bar where minors are prohibited and people who do not want to be exposed to alcohol are not present, there are not the same concerns. But when sampling takes place in a restaurant setting, there are concerns with how samples could be offered. Customers should not be offered a sample of alcohol unless the customer has expressed an interest in consuming alcohol. It should not be presumed that everyone wants alcohol. Without some type of limitation on when samples may be offered to customers in restaurants, people in recovery could be enabled to consume alcohol when they otherwise would not. The precise wording of the amendment is being worked on with proponents, but stakeholders' concerns will be addressed with the adoption of the amendment.

**Persons Testifying:** (In support) Charlie Brown, Diageo.

(Other) Seth Dawson, Washington Association for Substance Abuse and Violence Prevention.

**Persons Signed In To Testify But Not Testifying:** None.