

HOUSE BILL REPORT

HB 2536

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to supporting Washington's wine industry.

Brief Description: Allowing wineries to hold a spirits, beer, and wine restaurant license.

Sponsors: Representatives Stonier, Waters, Springer, Parshley, Simmons, Cortes and Donaghy.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/21/26, 1/28/26 [DP].

Brief Summary of Bill

- Permits a domestic winery to hold either a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 14 members: Representatives Walen, Chair; Hackney, Vice Chair; McClintock, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Abbarno, Berry, Corry, Donaghy, Kloba, Reeves, Ryu, Santos, Steele and Volz.

Minority Report: Without recommendation. Signed by 1 member: Representative Morgan.

Staff: Megan Mulvihill (786-7304).

Background:

Domestic Winery License.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

A domestic winery license issued by the Liquor and Cannabis Board (LCB) authorizes the manufacturing of wine in Washington. The domestic winery license allows wineries to sell wine of their own production at retail for on- or off-premises consumption, and to distribute their own wine, subject to applicable distributor laws.

Beer and/or Wine Restaurant License and Spirit, Beer, and Wine Restaurant License.

The LCB issues two licenses for retail sales of liquor at restaurants: (1) a beer and/or wine restaurant license; and (2) a spirits, beer, and wine restaurant license.

A beer and/or wine restaurant license authorizes restaurants to sell beer and/or wine for on-premises consumption, in conjunction with the sale of food. The restaurant must provide minimum food service, such as sandwiches, salads, soups, pizza, hamburgers, or fries. The annual fee for a beer and/or wine restaurant license is either \$300 for beer only, \$300 for wine only, or \$600 for beer and wine.

A spirits, beer, and wine restaurant license authorizes restaurants to sell spirits, beer and/or wine for on-premises consumption. Licensees must serve complete meals and meet specific food service, kitchen equipment, and floor space requirements, as defined by LCB rules. The annual fee for a spirits, beer, and wine restaurant license varies: \$2,700 for less than 50 percent of a dedicated dining area, \$2,200 for 50 percent or more of a dedicated dining area, or \$1,400 for a service bar only.

Three-Tier System Prohibition.

Built into the post-prohibition legal framework regulating liquor manufacturing, distribution, and sales is a separation between the three-tiers of the liquor industry: (1) manufacturing, (2) distributing, and (3) retailing. Liquor licensees in the manufacturing and distributing tiers of the industry, and their authorized representatives, are defined as "industry members" for certain purposes in liquor statutes.

There are two primary prohibitions that provide the separation between the tiers of the industry. First, generally liquor licensees in the manufacturing and distributing tiers are prohibited from having financial interests in a business within the retail tier of the industry, and vice versa. Secondly, industry members are prohibited from providing "money or moneys' worth," under any type of business practice or arrangement, to a business in the retail tier of the industry. Retailers are similarly prohibited from receiving money or moneys' worth from industry members.

Certain licensed industry members are permitted to operate in the retail tier. For example, a domestic winery licensed as a retailer for the purpose of selling beer and/or wine at retail on the winery's premises is permitted. A microbrewery is permitted to hold a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license with the same privileges and endorsements attached to those licenses.

Summary of Bill:

A licensed domestic winery is permitted to hold a spirits, beer, and wine restaurant license or a beer and/or wine restaurant license at one or more of its additional winery locations with the same privileges and endorsements as those attached to the spirits, beer, and wine restaurant license and the beer and/or wine restaurant license.

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:

As part of a pilot project, testimony in this section of the bill report was summarized by generative artificial intelligence and reviewed for accuracy by non-partisan legislative staff. Generative artificial intelligence was used only in this section of the bill report; all other sections were prepared by non-partisan legislative staff without the use of any generative artificial intelligence.

(In Support) The testimony describes legislation intended to modernize and streamline regulatory requirements for winery tasting rooms, particularly those operating at locations separate from production facilities. Supporters emphasized that the measure is a technical, back-of-house change designed to reduce unnecessary administrative complexity rather than expand access to alcohol. Testimony highlighted that current licensing structures force wineries seeking to offer more comprehensive hospitality experiences to operate under multiple licenses or even separate business entities, resulting in duplicated payroll, compliance, accounting, and reporting systems, as well as increased costs and inefficiencies. The testimony noted that these burdens disproportionately affect small and medium-sized wineries at a time when the industry is experiencing declining production, business closures, and economic pressure. Proponents argued that the bill would create parity with other beverage producers, align regulations with modern consumer expectations, support economic development, and allow wineries to operate more flexibly while remaining subject to the same safety, service, and certification standards as restaurants, without conferring an unfair competitive advantage or increasing alcohol availability.

(Opposed) None.

(Other) Other testimony expressed concerns that the proposal could weaken long-standing protections within the three-tier alcohol distribution system, which is designed to prevent monopolistic control and undue influence between suppliers and retailers. It was noted that

current law already provides a pathway for wineries to invest in restaurant operations through separate legal entities with safeguards against undue influence, and that expanding these privileges could create precedent for broader vertical integration across the alcohol industry. This, opponents cautioned, could open the door to larger and out-of-state interests exerting increased control over retail operations, potentially undermining the intent of existing law. An alternative legislative approach was referenced as a more limited means of addressing operational concerns without expanding the underlying exceptions.

Persons Testifying: (In support) Representative Monica Jurado Stonier, prime sponsor; Josh McDonald, Washington Wine Institute; Tom Dugan, DeLille Cellars; and Sean DeWitz, Washington Hospitality Association.

(Other) Scott Hazlegrove, WA Beer and Wine Distributors Association.

Persons Signed In To Testify But Not Testifying: None.