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the Washington Wine Institute
is the voice on regulatory & legislative issues that affect the Washington wine industry

Final (Regular Session) WWI Legislative Report

As you may know, Legislators are still in town for a 30-day Special Session as they hammer out a budget to address a \$5.2 billion budget deficit. Although they have not yet gone home, we're still very pleased to report on the conclusion of a successful Regular Session in Olympia for WWI on behalf of our member wineries.

WWI Bills

Substitute Senate Bill 5788 "Omnibus Bill"

Passed House 97-0; Passed Senate 48-1

WWI's priority legislation this year was SSB 5788, the so-called "liquor omnibus" bill. This bill contained many provisions relevant to the wine industry and others (including WA breweries, restaurants, distributors, and distillers). Included in this bill were three changes to law that will make it easier for wineries to sell and market their wines, effective July 22, 2011.

Agents License Change:

- SSB 5788 eliminates the requirement that wineries and winery employees obtain a \$25 Agents License to conduct everyday business activities, such as selling and marketing your wine off-premise
- WWI disagreed with the LCB's interpretation that the license applied to wineries and brought forward this change to confirm our position
- Wineries **will no longer** be required to obtain an Agents License to solicit sales to retailers, pour your wine at restaurants, specialty wine shops, charitable events, private clubs, trade shows and grocery stores

Special Occasion License Change:

- Process for participating in charitable events is streamlined to meet today's common practices
- Wineries can now pay a reasonable booth fee to a charity or promoter for participation in a charitable event and services related to that participation
- Charities may make payment for your wine sold at the close of the event, eliminating today's complicated "check swap"

Liquor Related Products Permit Change:

- Wine and other liquor related products vendors can now legally provide wine or liquor samples at industry trade shows, allowing them to more effectively present their product (like barrels with wine to taste flavor) to trade show attendees

Substitute House Bill 1172 “Farmer’s Market Tasting”

Passed House 77-21; Passed Senate 37-12

- Establishes pilot program allowing for 10 farmers markets to conduct at least six wine and beer tastings at each location between September 1, 2011 and November 1 2012
- WSLCB will provide a report on the program to the Legislature and Legislators will then have an opportunity to make the program permanent through new legislation

HB 1227 “Corkage Fees”

Passed House 94-0; Passed Senate 45-4

- Allows wineries and restaurants to enter into an arrangement to waive corkage fees and clarifies that tourism programs like Yakima’s “Corkage Free” zone are legal

Other Bills (Dead)

In addition to our proactive agenda, we also spent a lot of time this session working to defeat bills that, if passed, could have had significant negative impacts on the Washington wine industry. Family Wineries of Washington State brought forward three bills that WWI opposed.

SB 5258/ HB 1372 “Changes to COD”

Bills filed in the Senate and House would have changed the current “cash on delivery” or allowable pre-payment arrangements in current law to a “check’s in the mail” system, in which retailers would have had up to 5 days to send wineries a check, with no provisions in the event payment was never received.

SB 5257 “Craft Wineries”

SB 5257 declared that wine made by wineries producing less than 25,000 gallons a year can be deemed “not wine” and therefore not regulated by state liquor laws, except for a handful of laws that were specifically referenced. The bill would have created two separate and unequal regulatory schemes for Washington wine producers, repealing virtually all the laws relating to distribution and pricing of wine for one group of wineries. It would totally disrupt our in-state marketplace by allowing “some” to pay to play, when most don’t want to.

Senate Bill 5256/ HB 1482 “Out-of-State Retailer Shipping”

Bills filed in the Senate and House would have opened up direct to consumer shipping into WA State to *all* out-of-state retailers, wholesalers and importers. We opposed this bill, which would put our in-state retail partners that currently follow Washington laws at an unfair economic disadvantage. Washington already has one of the most open direct-to-consumer shipping laws in the Country and we were among the first to pass open shipping laws. No state, particularly one with a vibrant in-state industry, has even suggested such a law.

Special Session

As we mentioned at the top, the Washington Legislature is in the midst of a Special Session to address the budget. All proposals deemed “necessary to implement the budget” are on the table, including various liquor privatization schemes. It remains to be seen if privatization will get any traction in the Legislature this year and if any such proposals would directly impact our state’s wine industry. WWI is closely monitoring budget discussions and will keep you posted as details emerge.

Thanks to our members. We could not do our work in Olympia without your support!

The Washington Wine Institute - YOUR voice on regulatory and legislative issues that affect the Washington wine industry.

