

SENATE BILL REPORT

SSB 6812

As Passed Senate, February 11, 2000

Title: An act relating to contract brewing by domestic brewers.

Brief Description: Allowing contract brewing by domestic brewers.

Sponsors: Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senator Prentice).

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/3/2000 [DPS].

Passed Senate, 2/11/2000, 44-0.

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 6812 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Benton, Gardner, Hale, Rasmussen, T. Sheldon and Winsley.

Staff: Catherine Mele (786-7470)

Background: A brewery or winery that offers beer or wine for sale in Washington must provide the Liquor Control Board with all written and oral contracts detailing prices charged to distributors for all items and sales terms. Distributors have to provide the board with the same information when they sell to retailers. The law forbids any distributor to offer different prices to any retailer, and the law forbids any brewery or winery to offer different prices to distributors.

Summary of Bill: Domestic breweries that are contract manufacturers for licensed beer distributors are exempt from filing prices and contracts terms with the board if two conditions exist. The first condition is that the licensed beer distributor who contracts with the brewery to make the beer must also be a brewery or manufacturer outside of Washington. The second condition is that the licensed distributor that contracts with the brewery to make the beer must only sell, within Washington, to other beer distributors.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: A local brewery wants to be a contract brewer, and the main contract is with an out-of-state distributor. The local brewery's contract with the distributor states that the local brewery cannot reveal prices, but the law requires price posting. This bill resolves this situation.

Testimony Against: None.

Testified: Steve Gano, Miller Brewing (pro); Dick Ducharme, Beer and Wine Wholesalers Assn. (pro w/amend.).

House Amendment(s): The amendment defines "domestic brewery" as a place where beer is manufactured by a brewer in this state and includes in the definition of brewer, a brand owner, whose malt beverage is brewed under contract with an in-state brewery. The amendment removes contract-production of beer between a brand owner and a licensed domestic brewery from requirements for price posting and clarifies that the brand owner of contract-produced beer may not act as a distributor for its own product under a domestic brewery license.