

SENATE BILL REPORT

SB 5678

AS REPORTED BY COMMITTEE ON AGRICULTURE, FEBRUARY 16, 1993

Brief Description: Exempting licensed domestic wineries from commission merchant requirements.

SPONSORS: Senators Loveland, Newhouse, Deccio and Winsley

SENATE COMMITTEE ON AGRICULTURE

Majority Report: That Substitute Senate Bill No. 5678 be substituted therefor, and the substitute bill do pass.

Signed by Senators M. Rasmussen, Chairman; Loveland, Vice Chairman; Barr, Bauer, Newhouse, and Snyder.

Staff: Bob Lee (786-7404)

Hearing Dates: February 16, 1993

BACKGROUND:

Domestic wineries that purchase wine grapes from growers are required to be licensed and bonded with the Department of Agriculture under the Commission Merchants Act. The Commission Merchants Act was enacted in 1959 to provide an increased degree of assurance that farmers would be paid by buyers or persons arranging the sale of specified agricultural products.

During the 1980's, the "processor lien" statutes were enacted to also provide an increase in the degree of protection that farmers are paid for crops delivered to processors. The processor lien statute established a first priority statutory lien on specified agricultural commodities, including viticultural products, which continues until 20 days after payment for product is due and remains unpaid.

SUMMARY:

A domestic winery, licensed under the state's liquor control laws, is exempt from regulation under the commission merchants laws.

EFFECT OF PROPOSED SUBSTITUTE:

Only domestic wineries who purchase solely for their own needs are exempt from the requirements of the Commission Merchants Act.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

There is a significant cost associated in the securing of a bond which provides less protection to the grower than the current contracts with growers.

TESTIMONY AGAINST: None

TESTIFIED: Simon Siegl, Washington Wine Institute (pro); Scott Williams, Kiona Vineyards, WWI (pro)