



Initiative 1100 and 1105 Comparison

Recently, we sent you an email regarding Initiative 1100, the privatization of liquor initiative supported by Costco that would also dismantle the distribution system under which you currently operate. In addition to allowing private retailers to sell spirits, I-1100 also repeals key protections for wineries, opening up our market to “pay to play” practices that will give a competitive edge to retailers and large wineries.

Initiative 1105, supported by two large wholesalers, is another approach to privatizing the sale of spirits in Washington, which will also be on the ballot in November. There are key differences in these two initiatives in how privatization will be implemented and the extent to which the sale of alcohol will be regulated by the State. Both Initiatives shut down state liquor stores and allow beer and wine retail stores to sell spirits.

While I-1100 completely repeals the tied house system, I-1105 keeps it intact and applies the current regulatory scheme to private sales of spirits. It also requires the sale of spirits to retailers to go through distributors, unlike wine, which in Washington can be sold direct to retailers or consumers. The ban on credit, “pay to play” and quantity discounts is left untouched in I-1105. Quantity discounts, however, will be allowed on sales of spirits.

Again, both initiatives seek to radically change the sale of spirits in Washington State.

Initiative 1100:

- Shuts down state liquor stores and allows private sale of spirits
- Repeals current competitive protections resulting in:
- Removes the ban on extension of credit to retailers
- Allows quantity discounts
- Allows wineries to pay for retailers’ advertising, promotional costs, and shelf space allocation
- Removes all current restrictions on “pay to play” business practices

Initiative 1105:

- Shuts down state liquor stores and allows private sale of spirits
- Requires spirits to be sold through the three tier system, unlike wine
- Requires the Liquor Board to present the Legislature with a tax structure to make up for the removal of the current markup and taxes on spirits

As always, please contact us with your questions and comments regarding these initiatives. WWI will be hosting a brief info session on I-1100 and I-1105, as well as a discussion on winery licenses, on August 23rd in Woodinville and August 24th in Prosser.