

# HOUSE BILL REPORT

## HB 1578

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### As Reported By House Committee On:

Commerce & Labor

**Title:** An act relating to the regulation of liquor sales in designated restricted liquor zones.

**Brief Description:** Revising the regulation of liquor sales in designated restricted liquor zones.

**Sponsors:** Representatives H. Sommers, McMorris, Lisk, Scott, Cole, Clements, Gombosky, Honeyford, Schoesler, Ballasiotes, Cody, Conway, Carlson, Kenney, Ogden, Chopp, Hatfield, Sheahan, Sterk, Wood, Romero, Tokuda, Blalock, Dickerson, O'Brien, Sheldon, Cooper and Gardner.

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/19/97, 3/5/97 [DPS].

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## HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

**Staff:** Pam Madson (786-7166).

**Background:** The state Liquor Control Board has broad authority to control the sale of alcoholic beverages. The board licenses retailers who may sell beer and wine to the public for on-premises or off-premises consumption. The board may also set conditions under which beer and wine may be sold. Conditions may apply state-wide or as conditions on a license issued to a specific licensee.

A license to sell wine for off-premises consumption may be restricted by the board to exclude the sale of fortified wines if the sale of these wines is against the public interest. In determining the public interest, the board must consider whether the applicant is likely to sell fortified wine to an intoxicated person, whether law enforcement problems may increase in the vicinity of the applicant's establishment,

and whether the sale of fortified wine would be detrimental to a government-operated or funded alcohol treatment program located in the applicant's vicinity.

When issuing retail licenses, the board must give notice to the local jurisdiction where the license applicant is located. The local jurisdiction, through its appropriate officer, may object to issuing the license. The board, in its discretion, may hold a public hearing on the matter.

When a license application raises opposition and the board conducts a formal hearing, the board may appoint an administrative law judge to conduct the hearing and enter an initial order. The board may review the findings and order before entering a final order in a contested matter.

**Summary of Substitute Bill:** The Liquor Control Board may designate, by rule, restricted liquor zones based on findings that the area designated suffers serious impact from liquor sales. Impact may be demonstrated by an increase in law enforcement problems and demand for medical care, the impairment of the use of public and private property, and impacts on alcohol treatment services.

Once a restricted liquor zone is designated, the Liquor Control Board may restrict the off-premises sale of beer and wine within the zone or may consider restricted sale privileges for individual licenses as they come up for renewal.

The Liquor Control Board may identify certain wine products as fortified wine— for purposes of restricting sale for off-premises consumption. These are wine products identified as beverages of choice for chronic public inebriates that have an alcohol content less than 14 percent by volume when bottled by the manufacturer.

The board may issue restricted licenses for the off-premises sale of beer similar to restrictions now allowed for the sale of fortified wine. Restrictions may include restricting the size of beer containers that may be sold and restricting the hours of sale. If the board receives no objection that off-premises sale of beer or wine by a particular licensee is against the public interest, the board must renew the license without restriction. In determining what is against the public interest, the board must consider, in addition to those factors currently in statute, an increase in demand for medical care and a decrease in the use and enjoyment of public and private property in the applicant's vicinity due to excessive consumption.

**Substitute Bill Compared to Original Bill:** The Liquor Control Board, rather than cities and counties, may designate restricted liquor zones. When renewing beer and wine licenses for off-premises consumption within the zone, the board may condition the license and must give substantial weight to recommendations of the city or county. The board is no longer required to condition licenses on agreements between the local jurisdiction and the licensee. When issuing restricted beer or wine licenses for off-

premises consumption, the Liquor Control Board is no longer required to give substantial weight to recommendations of the city or county. Rather than designate certain beer and wine products as restricted, the board may identify certain wine products as fortified wine– for purposes of restricting sale. The requirement for formal hearings on contested license applications or renewals within zone is removed. The change in the appeal process and effect of the initial order in a contested hearing on a license application or renewal is deleted.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The bill gives local government a stronger voice in dealing with public inebriation. The policy of the bill is to discourage the consumption of alcohol by chronic public inebriants. There is a responsibility to avoid the heavy negative cost on the community, on business and on the taxpayer associated with chronic public inebriation. Costs and impacts include emergency room care and increased demand for law enforcement, use of Medic I, and the impact on detox facilities. Under present law, the controls are not working. Several years ago, the Legislature banned fortified wine and the industry responded by reducing the percentage of alcohol in their products to just under the amount that defines fortified wine. Local jurisdictions need more tools to control consumption. This is a state-wide issue. Even though alcohol distribution is controlled, there is still a great deal of access to alcohol by those who are intoxicated. Cutting off the supply of alcohol by limiting sales does make a difference but it is difficult for individual businesses to give up sales if other businesses in the area do not.

**Testimony Against:** A policy decision was made in the this state in 1933 to set state-wide standards for the control of alcohol and gave the sole authority for licensing to the Liquor Control Board. A significant change in this policy should be made after serious study of the need for that kind of change. The current system allows the Liquor Control Board to restrict licenses and address problems in a particular area. Local input can be made under current law. Creating a zone and establishing restrictions in the zone may limit the board’s ability to use similar restrictions outside the zone. Setting up zones cause great concern and may result in legal challenges. People within the zone who are not part of the problem will be impacted. The Liquor Control Board has the authority and the ability to control alcohol and should be the ones to do it.

**Testified:** (In support) Representative Helen Sommers, prime sponsor; Patrick Vanzo, Seattle-King County Department of Public Health; Esther B. Huey, Yakima

County Substance Abuse Coalition; Terry Lawhead, Downtown Spokane Partnership; Jan Drago, Seattle City Council; Jackie Der, Harborview Medical Center; Mark Sidean, Seattle City Attorney; and Donald A. Lachman. (Oppose) Mark Greenberg, Anheuser-Busch Company; and Vito Chiechi, Washington State Licensed Beverage Association. (Concerns) Nate Ford, Liquor Control Board; and Jack Raybourn; Liquor Control Board.