

# SENATE BILL REPORT

## SSB 6253

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As Passed Senate, February 16, 1998

**Title:** An act relating to credit and debit card purchases in state liquor stores.

**Brief Description:** Reimbursing state liquor stores and agency liquor vendors for costs of credit and debit sales of liquor.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Horn, Swecker, Rasmussen, Goings and T. Sheldon).

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/3/98, 2/4/98 [DPS].  
Passed Senate, 2/16/98, 41-7.

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That Substitute Senate Bill No. 6253 be substituted therefor, and the substitute bill do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Franklin and Newhouse.

**Minority Report:** Do not pass substitute.

Signed by Senator Heavey.

**Staff:** David Pringle (786-7448)

**Background:** In 1997, the Liquor Control Board was authorized to allow the use of credit and debit cards by non-licensees for purchases of liquor in all state liquor stores and agency liquor stores. The board was given rule-making authority to implement the use of credit and debit cards at both state liquor stores and agency liquor stores.

The board was authorized to use money from the liquor revolving fund to pay transaction fees associated with credit and debit card purchases. The law was silent on the payment of other costs associated with credit and debit card purchases incurred by liquor vendors operating agency liquor stores.

As of December 1997, all state liquor stores were equipped to use credit and debit cards for retail liquor purchases. The board has initiated the rule-making process for implementing the use of credit and debit cards by liquor vendors in agency stores. Pending adoption of rules, those liquor vendors who wish to use credit and debit cards for liquor purchases may do so at their own expense.

Agency liquor stores are located in areas of the state where no state liquor store exists. The board may appoint a person as a liquor vendor who sells spirits either through an existing private retail business such as a drug store or grocery store or as a separate business. Liquor vendors operating agency stores are considered independent contractors.

A report evaluating the implementation of this program was due January 1, 1998.

**Summary of Bill:** The Liquor Control Board is authorized to pay for the costs of supplying, installing and maintaining equipment used by agency liquor vendor stores for the sale of liquor by debit or credit card in these stores. This equipment must only be used for the purchase of liquor. The costs associated with such equipment is paid for from the liquor revolving fund.

Statutory reference to transaction fees associated with credit and debit card purchases is clarified to include transaction fees for both state liquor stores and liquor vendors' agency stores.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 1998.

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

**Testimony For:** Liquor agency vendors are acting as agents for the state as it relates to the sale of liquor. Therefore, we feel that the state should cover the costs of the equipment needed to allow the use of debit or credit cards for the purchase of liquor in agency vendor stores.

**Testimony Against:** None.

**Testified:** Wally Balmer and Diane Steggall, Washington State Liquor Agency Association (pro); Rick Garza, Mike Donaldson, Lewis Solomon, Liquor Control Board (neutral).

**House Amendment(s):** The striking amendment states that the Liquor Control Board must pay both the costs of transaction fees for debit and credit card purchases, and the costs for the equipment, installation and maintenance necessary to implement the use of the credit and debit cards.

The intent section states that implementation of credit and debit card purchases in agency liquor vendor stores must not reduce the liquor revolving fund balance, and the resulting transfers to the general fund.

If expenditures made in implementing credit and debit card use in state liquor stores and agency liquor vendor stores exceed the revenue generated, the board must consider raising retail prices of alcohol products to offset the excess.