

SENATE BILL REPORT

SB 6329

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, January 18, 2010

Title: An act relating to creating a beer and wine tasting endorsement to the grocery store liquor license.

Brief Description: Creating a beer and wine tasting endorsement to the grocery store liquor license.

Sponsors: Senators Kohl-Welles, King, Franklin, Hewitt, Keiser, Kline and Delvin.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/14/10, 1/18/10 [DPS, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 6329 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Franklin, King and Kline.

Minority Report: Do not pass.

Signed by Senator Holmquist, Ranking Minority Member.

Staff: Mac Nicholson (786-7445)

Background: A person seeking to sell liquor in Washington must obtain the appropriate retail license from the Washington State Liquor Control Board (LCB). One such retail license is the grocery store license, which allows the licensee to sell beer and wine for off-premise consumption. The annual fee for the grocery store license is \$150. In 2008, the Legislature directed the LCB to establish a year-long pilot program to allow beer and wine tasting in grocery stores. Participating stores were limited to 12 tastings during the pilot program and were subject to size, service area, and advertising restrictions.

The pilot program ended September 30, 2009, and the LCB issued a report on the pilot project in December 2009.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Recommended Substitute): A grocery store licensed to sell beer and/or wine may obtain an endorsement to offer beer and wine tasting. A store seeking to obtain the endorsement must meet the following criteria:

- At least half of the gross sales of the store must be from retail sales of grocery products for off-premise consumption or the store must be a membership organization;
- The store must be at least 9,000 square feet; and
- The store cannot have more than one public safety violation within the past two years.

The LCB may issue endorsements to stores smaller than 9,000 square feet if the store meets operational requirements and the LCB finds there are no stores in the community that meet the minimum size requirements.

The licensee must be able to observe and control individuals in the tasting service area, make food available for participants, limit sample size to 2 ounces, and provide no more than 4 ounces per customer per visit. Store employees serving beer and/or wine at tasting events must hold an alcohol servers permit, and sampling costs must be borne by the store. Stores may advertise tasting events within the store, on a store website, in newsletters and flyers, and via regular mail and email to customers who have requested notice of events.

A tasting endorsement may be suspended and not reissued for up to two years if the store is found to have committed a public safety violation in conjunction with tasting activities. A monetary penalty may be assessed by the LCB in lieu of suspension. The LCB may revoke endorsements granted to licensees in alcohol impact areas if the tasting activities are having an adverse effect on chronic public inebriation.

The fee for the endorsement is \$200 per year. The fee can be increased up to ten percent annually by the board to defray the cost of administration and enforcement of the endorsement.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute): Domestic wineries and breweries, certificate of approval holders, and microbreweries may perform personal services, including pouring and educational activities, for grocery store licensees in conjunction with a tasting event. Grocery stores cannot require the performance of personal services as a condition of including any product in any tasting conducted by the store.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: The industry did an outstanding job with the pilot program and the program was successful. Producers,

customers, and stores all benefitted from the pilot program. The current legislation maintains all provisions of the pilot program and incorporates all the LCB recommendations mentioned in the pilot program report. This gives stores an opportunity to showcase Washington wineries and breweries and allow consumers to interact with winemakers. The tastings were received well by customers, who want the program to continue. This allows customers to taste wine and beer before buying a bottle. Language should be added that would allow wineries and breweries to actually do the pouring at the tasting events.

CON: The bill is drafted in a reasonable manner, and if sampling is going to be done it should be done in this manner. However, the prevention community is opposed to the legislation. The concern is with unintended effects on children by demonstrating relatively casual use of alcohol. Also, advertising can be effective on youth, and tasting is three-dimensional advertising. The LCB report asked the wrong questions. There is no measure of the long-term social impacts of alcohol consumption. This is poor public policy unless the tastings are done in venues where only those 21 and over can enter.

Persons Testifying: PRO: Jan Gee and Carolyn Logue, Washington Food Industry; Ilga Westberg, Metropolitan Markets; Paul Kapioski, West Seattle Thriftway; Holly Chisa, NW Grocery Association; Heather McClung, WA Brewers Guild; Jean Leonard, WA Wine Institute; Ron Main, Washington Beer and Wine Wholesalers.

CON: Seth Dawson and Jim Cooper, WA Association for Substance Abuse and Violence Prevention.