

SENATE BILL REPORT

SB 5150

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, February 17, 2011

Title: An act relating to on-premise spirits sampling.

Brief Description: Creating a pilot project to allow spirits sampling in state liquor stores and contract stores.

Sponsors: Senators Kohl-Welles and Hewitt.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/08/11, 2/17/11 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5150 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

Staff: Edith Rice (786-7444)

Background: In Washington, spirits in the original package may be sold only in state liquor stores and contract liquor stores. (An exception allows limited sales of spirits by craft distillers.) For retail sales of beer and wine, and spirits by the drink, the Liquor Control Board (Board) issues licenses to various types of retailers.

Sampling of spirits, beer, and wine by retail customers is permitted in some circumstances. Beer and/or wine specialty shops may serve samples of two ounces or less to a customer. Legislation passed in 2010 allows certain types of grocery stores to conduct tastings with an endorsement issued by the Board. Breweries and wineries may also serve samples. A craft distillery may provide one-half ounce or less samples of spirits, up to a total of two ounces per day to a customer, on its premises.

An Alcohol Impact Area (AIA) is a geographic area designated by a local government and recognized by resolution of the Board, that is adversely affected by chronic public inebriation

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or illegal activity associated with alcohol sales or consumption. The Board may place restrictions on licensees located in an AIA.

Persons who solicit or take orders for a distiller, manufacturer, importer, or distributor of spirits must hold a representative's license issued by the Board.

Liquor may not be consumed on the premises of a state liquor store.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Substitute): The Board must establish a pilot project for spirits sampling in state and contract liquor stores to promote the sponsor's products.

The pilot project consists of 30 locations with at least six samplings to be conducted at each location between September 1, 2011, and September 1, 2012. Only one sampling per week at a store is permitted. The Board must select the stores. In selecting stores, the Board must give:

- due consideration to the location of the store with respect to places of worship, schools, and public institutions, and must give written notice to these entities located within 500 feet of the store; and
- due consideration to motor vehicle accident data in the proximity of the store.

The following conditions apply to sampling:

- only persons age 21 or over and no apparently intoxicated person may sample spirits;
- samples may be free of charge;
- samples must be one-quarter ounce or less, with no more than one ounce of samples per person per day;
- only sponsors may serve samples. A sponsor is a domestic distiller or an accredited representative of a distiller, manufacturer, importer, or distributor of spirits;
- any person involved in serving samples must have completed a mandatory alcohol server training program;
- the product sampled must be available at the store where the sampling occurs;
- customers must remain on the premises while consuming samples;
- stores may advertise on a store website, in store newsletters and flyers, and via electronic mail and postal mail to customers who have requested notice of events; and
- advertising may not be targeted to, or appeal principally to, youth.

The Board may prohibit sampling at a store within the boundaries of an AIA if the sampling is having an adverse effect on the reduction of chronic public inebriation. All other criteria needed to establish and monitor the pilot project is determined by the Board. The Board may adopt rules to implement the pilot project.

The prohibition against consuming liquor on the premises of a state liquor store is amended to allow spirits sampling, and contract stores are given explicit authority for sampling on their premises.

The Board must report on the pilot project to the appropriate committees of the Legislature by December 1, 2012, and include the results of a survey of liquor store and contract liquor store managers.

EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute as Passed Committee): The Board's report to the legislature must include the results of a survey of liquor store and contract liquor store managers.

Appropriation: None.

Fiscal Note: Available.

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 Proposed Substitute as Heard in Committee:
PRO: Sampling will allow consumers to know about the product before they buy it. Other states have done this and reported no increase in problems. A pilot will allow us to see how it goes. This would allow increased sales of premium liquor which brings in more state revenue.

CON: Sampling in liquor stores will establish a social norm that it's OK to drink and immediately get in a car and drive. This is not safe or healthy behavior.

OTHER: We are concerned about unsold product and loss of revenue.

Persons Testifying: PRO: Dave Ducharme, Distilled Spirits Council of U.S.; Carrie Tellefson, Matt McCarthy, Distillery Reps. Assoc of WA.; Charlie Brown, Diageo; Scott Hazelgrove, Hood River Distillers; Sharon Foster, Liquor Control Board.

CON: Liz Wilhelm, WA Assoc. for Substance Abuse and Violence Prevention.

OTHER: Seamus Walsh, WA Public Employees Assoc.