

# HOUSE BILL REPORT

## HB 1332

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**As Reported by House Committee On:**  
Government Accountability & Oversight

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

**Brief Description:** Concerning limited on-premise spirits sampling.

**Sponsors:** Representatives Kirby, Condotta, Hunt, Alexander, Takko, Manweller, Hurst, Shea, Blake and Reykdal.

**Brief History:**

**Committee Activity:**

Government Accountability & Oversight: 1/29/13, 2/5/13 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes the holder of a spirits retail license that is also a participant in the responsible vendor program to provide customers with single-serving samples of .5 ounce or less of spirits for the purpose of sales promotion.

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### HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso and Shea.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Spirits Retail Licensees.

The Liquor Control Board (LCB) is authorized to issue spirits retail licenses to businesses (licensees) meeting specified requirements and subject to specified conditions. A spirits retail license authorizes the holder to sell spirits in original containers to:

- consumers for consumption off the licensed premises; and

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- retailers licensed to sell spirits for consumption on the premises, for resale at their licensed premises.

As a general rule, no single sale of spirits by a licensee may exceed 24 liters in a given day.

Subject to specified exceptions, the LCB may issue spirits retail licenses only for businesses operating on premises comprising at least 10,000 square feet of fully enclosed retail space within a single structure, including storerooms and other interior auxiliary areas but excluding covered or fenced exterior areas. The exceptions to this square footage requirement apply to:

- an otherwise qualified contract liquor store at its contract location;
- a retail liquor business operated by the holder of former state liquor store operating rights purchased at auction in accordance with statute; and
- an otherwise qualified applicant proposing to operate where there is no retail spirits holder in the trade area that the applicant proposes to serve.

#### Responsible Vendor Program.

The LCB administers a compliance training program for licensees, known as the "responsible vendor program," to reduce underage drinking, encourage licensees to adopt specific best practices to prevent sales to minors, and provide licensees with an incentive to give their employees ongoing training in responsible alcohol sales and service. To participate in the responsible vendor program, licensees must submit an application form to the LCB. If the application establishes that the licensee meets the qualifications to join the program, the LCB must send the licensee a membership certificate. Participation in the responsible vendor program is free of charge, voluntary, and self-monitoring.

A licensee participating in the responsible vendor program must at a minimum:

- provide ongoing training to employees;
- accept only certain forms of identification for alcohol sales;
- adopt policies on alcohol sales and checking identification;
- post specific signs in the business; and
- keep records verifying compliance with the program's requirements.

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#### **Summary of Substitute Bill:**

The Act authorizes the holder of a spirits retail license that is also a participant in the responsible vendor program to provide customers with single-serving samples of .5 ounce or less of spirits for the purpose of sales promotion. The provision of such spirits samples is limited to a cumulative total of no more than 1.5 ounces per person. Such samples may be provided for free or for a charge. Servers of spirits samples must hold the requisite alcohol server permit. Sampling must be conducted in accordance with the same rules established by the LCB for sampling activities in beer and wine specialty shops and grocery stores.

Sampling activities under this act are subject to statutes prohibiting the payment of money or other compensation by a distributor to a retailer related to such sampling. In addition, the

costs of sampling may not be borne by any manufacturer, importer, distiller, or distributor of spirits.

**Substitute Bill Compared to Original Bill:**

The substitute bill makes the following changes to the original bill:

- deletes bill provisions giving the LCB broad rule-making authority with respect to the establishment of regulations governing how spirits sampling is to be conducted; and
- requires that sampling be conducted in accordance with the same rules established by the LCB for sampling activities in beer and wine specialty shops and grocery stores.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Many types of retailers involved in the sales of alcoholic beverages are currently authorized to have tastings of beer, wine, and/or spirits. This bill would simply extend such authorization to holders of spirits retail licenses, provided they participate in the responsible vendor program. The bill strikes a good balance between allowing stores to promote themselves and their product lines, while at the same time keeping public safety in mind. There are strict limits on the amount of sampling any one person can do, servers must be trained in accordance with LCB rules, and successful participation in the responsible vendor program is required. Also, the spirits sampling authorized here will be of great benefit to craft distilleries, insofar as it will give the public an opportunity to sample their products which, in turn, will promote sales. The public appreciates having the opportunity to sample the many varieties of spirits that are produced locally.

(Opposed) The type of sales promotion authorized under this bill encourages the sale and use of hard liquor. It will increase access to hard liquor generally, which is certain to result in more illegal drinking by young people. Sampling may be good for the profitability of the industry, but there are many negative social costs as well. Youth, family, and community are not benefitted by legislation that makes hard liquor more readily available and thus contributes to the personal and social problems related to drinking. The proliferation of sampling is not good social policy.

**Persons Testifying:** (In support) Cindy Zender, Total Wine and More; Steve Knight and Charlie Brown, Washington State Liquor Association; Dave Ducharme, Distilled Spirits Council of the U.S.; Scott Hazelgrove, Hood River Distillers; and Jim Holstrom, Southern Wine and Spirits.

(Opposed) Mary Ellen De la Pena, Washington Association of Substance Abuse and Violence Prevention.

**Persons Signed In To Testify But Not Testifying:** None.