

HOUSE BILL REPORT

HB 1198

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to the sale of beer and cider by grocery store licensees.

Brief Description: Concerning the sale of beer and cider by grocery store licensees.

Sponsors: Representatives Vick, Kirby and Hayes.

Brief History:

Committee Activity:

Commerce & Gaming: 1/20/15, 2/16/15 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Liquor Control Board to issue an endorsement to a certain grocery store licensees allowing the sale of beer and cider in a sanitary container brought to the premises by the purchaser, or provided by the licensee or manufacturer, and filled at the tap by the licensee at the time of sale.

HOUSE COMMITTEE ON COMMERCE & GAMING

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

Minority Report: Do not pass. Signed by 1 member: Representative Condotta, Ranking Minority Member.

Staff: Thamas Osborn (786-7129).

Background:

The Liquor Control Board (LCB) issues various types of licenses for the sale of alcoholic beverages at retail, including those for beer and/or wine specialty shops, wineries, microbreweries, domestic breweries, restaurants, grocery stores, and nightclubs. Under

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certain circumstances, the LCB may impose conditions or restrictions on a license, or include special endorsements authorizing the sale of certain types of alcoholic beverages subject to specified conditions.

Certain categories of retail licensees are permitted to sell beer in a "growler," which is a sanitary container brought to the premises by the purchaser, or furnished by the licensee, and filled at the tap at the time of sale. Licensees authorized to sell growlers of beer include: (1) domestic breweries and microbreweries holding a spirits, beer, and wine restaurant license (may only sell beer of their own production); (2) a beer and wine specialty shop licensee with an endorsement to sell growlers; and (3) a spirits, beer, and wine restaurant licensee authorized to sell for off-premises consumption.

Only certain domestic wineries may sell wines of their own production in kegs or growlers in accordance with requirements of federal law. The sale of such kegs or growlers must be for off-premises consumption. The growlers may be brought to the premises by the customer or supplied by the licensee and filled at the tap at the time of sale.

Grocery store licensees are not authorized to sell beer, wine, or cider in containers brought to the store by a customer and filled at the store by the licensee.

Cider is defined as "table wine that contains not less than 0.5 percent of alcohol by volume and not more than 7 percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears." Because cider is defined not as beer but as a separate category, cider cannot be sold in growlers.

Summary of Substitute Bill:

The LCB is authorized to issue an endorsement to a grocery store licensee allowing the sale of beer and cider in a sanitary container brought to the premises by the purchaser, or provided by the licensee or manufacturer, and filled at the tap by the licensee at the time of sale. The endorsement is limited to only those grocery store licensees with revenues derived from beer and wine sales exceeding 50 percent of total revenues or that maintain a liquor inventory worth not less than \$15,000. Grocery store employees who participate in filling the containers must have an alcohol server permit.

Substitute Bill Compared to Original Bill:

The substitute bill limits the endorsement to only those grocery store licensees whose revenues derived from beer and wine sales exceed 50 percent of total revenues or maintain a liquor inventory worth not less than \$15,000.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 18, 2015.

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) This bill passed the House of Representatives last year, and this year the sale of growlers of hard cider have been added. Growlers provide consumers with a cheaper option for the purchase of alcohol. Grocery stores can implement very safe and secure systems for growler sales; so, there is no practical reason to not allow such sales. Beer and wine growlers have proven to be very popular with the public, and cider should be available in this form as well. Grocery stores will have systems for cleaning and sanitizing the growlers brought in by customers.

(Neutral) The bill addresses some regulatory concerns, but it is still problematic because, as written, it would allow many thousands of small stores to sell growlers. Under the bill, gasoline stations and every convenience store could conceivably be eligible to sell growlers. This opens up public safety concerns and presents formidable issues regarding regulation and enforcement. Enforcement costs could increase dramatically. Sixty percent of licensees are expected to apply for the endorsement.

(Opposed) This is another bill that contributes to the never-ending expansion of alcohol availability in our society. This is bad policy that will lead to increases in problems with alcohol abuse. It is unfair to allow the large grocery stores to sell growlers when the former state-owned and contract liquor stores are not allowed to do so. This gives the grocery stores an extra product line not available to the small liquor stores and, thus, adds to the competitive advantages already provided to the large stores. Small stores are better able to supervise growler sales and, therefore, public safety would be better served by the small stores.

Persons Testifying: (In support) Representative Vick, primary sponsor; Holly Chisa, Northwest Grocery Association; Amy Brackenbury, Washington Food Industry Association; and Scott Hazlegrove, Washington Beer and Wine Distributors Association.

(Neutral) Justin Nordhorn, Washington Liquor Control Board/Enforcement and Education Division.

(Opposed) David Cho, Washington Liquor Stores Association; and Seth Dawson, Washington Association for Substance Abuse and Violence Prevention.

Persons Signed In To Testify But Not Testifying: None.