

SENATE BILL REPORT

SB 5194

As of February 12, 2017

Title: An act relating to authorizing, under one license, the sale of spirits, beer, and wine at retail for off-premises consumption.

Brief Description: Authorizing, under one license, the sale of spirits, beer, and wine at retail for off-premises consumption.

Sponsors: Senators King, Conway, Wilson and Keiser.

Brief History:

Committee Activity: Commerce, Labor & Sports: 1/19/17, 1/25/17 [DP-WM].
Ways & Means: 2/14/17.

Brief Summary of Bill

- Creates a combination spirits, beer, and wine retail license that authorizes the sale of spirits, beer, and wine for off-premises consumption.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Keiser, Ranking Minority Member; King, Rossi, Saldaña and Wilson.

Staff: Jarrett Sacks (786-7448)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The Liquor Cannabis Board (LCB) issues a variety of retail licenses for the sale of liquor for both off and on premises consumption. Examples of retail licenses include:

- grocery store licenses;
- beer and/or wine specialty shop licenses;
- restaurant and tavern licenses; and
- spirits retailer licenses.

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.

In certain circumstances, LCB may impose conditions or restrictions on a license, or include special endorsements.

Beer and/or Wine Specialty Shop License. A beer and/or wine specialty shop license authorizes a shop to sell beer, strong beer, and/or wine at retail for off-premises consumption. A beer and/or wine specialty shop must maintain a minimum of \$3,000 wholesale inventory of beer and/or wine. Licensees may provide single-serving samples of two ounces or less for the purposes of sales promotion. Licensees may obtain endorsements to:

- sell growlers;
- sell malt liquor in kegs or other large containers; or
- sell wine to on-premises wine retailers for resale.

The annual fee for a beer and/or wine specialty shop license is \$100.

Grocery Store License. A grocery store license allows a grocery store to sell beer, strong beer, and/or wine for off-premises consumption. A grocery store licensee may receive an endorsement to sell wine to on-premises wine retailers for resale at their licensed premises. Grocery store licensees must maintain a minimum \$3,000 inventory of food products. Grocery store licensees may obtain endorsements to:

- sell malt liquor in kegs or other large containers;
- sell wine to on-premises wine retailers for resale;
- sell confections containing alcohol—must also have a snack bar license;
- sell growlers;
- export beer or wine internationally; or
- host beer or wine tastings.

The annual fee for a grocery store license is \$150.

Spirits Retailer License. A spirits retailer license allows a licensee to sell spirits for off-premises consumption, to permit holders, and to on-premises liquor retailers for resale on their licensed premises. Licensees may also export spirits. LCB can only issue spirits retailer licenses for premises with greater than 10,000 square feet of fully-enclosed retail space within a single structure. Spirits retailer licensees may obtain an endorsement to allow limited spirit sampling if they participate in a responsible vendor program. The annual fee for a spirits retailer license is \$160.

Summary of Bill: A combination spirits, beer, and wine license is created that allows licensees to:

- sell beer, wine, and spirits at retail for off-premises consumption;
- sell spirits to on-premises liquor retailers for resale at their licensed premises; and
- export spirits.

A grocery store licensee or a beer and/or wine specialty shop licensee that holds a spirits retail license may—with LCB approval—transition to a combination spirits, beer, and wine license. The LCB can only issue combined spirits, beer, and wine licenses for premises exceeding 10,000 square feet of fully-enclosed retail space within a single structure. The annual fee for the combination spirits, beer, and wine license is \$250 for each store.

Combination spirits, beer, and wine licensees must maintain either:

- a minimum \$3,000 inventory of food products; or

- a minimum \$3,000 wholesale inventory of beer, strong beer, and/or wine.

Current laws that apply to spirits retailers with regard to accepting delivery, negotiating volume discounts, and payment of a license issuance fee also apply to combined spirits, beer, and wine licensees. LCB cannot issue a combined spirits, beer, and wine license if the applicant would qualify for a restricted license under current licensing laws.

If a licensee would otherwise qualify for a beer and/or wine specialty shop license or a grocery store license, the licensee may offer samples in accordance with the corresponding sampling laws. For example, if a combination spirits, beer, and wine licensee would otherwise have qualified for a grocery store license, the licensee may conduct sampling in accordance with the sampling laws for grocery stores.

Any endorsements available to a grocery store licensee or a specialty beer and/or wine shop licensee are available—upon approval from the LCB—to a holder of a combined spirits, beer, and wine license, so long as the licensee would have previously qualified for the endorsement. A combination spirits, beer, and wine licensee also holding a snack bar license may receive an endorsement to sell confections containing alcohol.

The maximum penalties prescribed by LCB are doubled for violations relating to the sale of spirits by a combination spirits, beer, and wine licensee, unless that licensee has joined a responsible vendor program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony (Commerce, Labor & Sports): PRO: The bill simplifies the licenses by requiring businesses to only get one where they would normally have to get two. Recent changes to state liquor laws have been increasingly complicated, and this bill makes it easier on businesses. The Liquor Cannabis Board is currently updating their system, so this is the perfect time to make changes.

Persons Testifying (Commerce, Labor & Sports): PRO: Senator Curtis King, Prime Sponsor; Carolyn Logue, Washington Retail Association; Michelle Reeves, Washington Food Industry Association; Holly Chisa, NW Grocery Assn.

Persons Signed In To Testify But Not Testifying (Commerce, Labor & Sports): No one.