

HOUSE BILL REPORT

SSB 6329

As Reported by House Committee On: Commerce & Labor

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: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Kohl-Welles, King, Franklin, Hewitt, Keiser, Kline and Delvin).

Brief History:

Committee Activity:

Commerce & Labor: 2/23/10 [DP].

Brief Summary of Substitute Bill

- Allows grocery stores to offer beer and wine tasting.
- Establishes eligibility criteria for stores and conditions for tastings.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Green, Moeller and Williams.

Minority Report: Without recommendation. Signed by 1 member: Representative Crouse.

Staff: Joan Elgee (786-7106).

Background:

A grocery store liquor license allows a grocery store to sell beer and/or wine for off-premises consumption. In 2008 the Legislature directed the Liquor Control Board (Board) to establish a pilot project for beer and wine tasting in grocery stores. Participating stores were limited to 12 tastings and other conditions. The pilot project ended on September 30, 2009, and the Board issued a report 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.

Liquor licensees are subject to penalty, including license suspension, for violations of the law. The Board may vacate a suspension if the licensee pays a monetary penalty. By rule, the Board has classified some violations, such as the sale or service of liquor to a minor, as public safety violations. For a first violation of a public safety violation, a licensee receives a five-day suspension or \$500 penalty.

Persons who participate in the sale or service of alcohol on licensed retail premises must obtain a mandatory alcohol server training (MAST) permit.

The tied house law prohibits a liquor manufacturer from providing "moneys' worth" to a retailer. An exception allows wineries to perform personal services at the premises of certain retailers, including restaurants and specialty wine shops. The personal services may include pouring, bottle signing, and other similar information or educational activities.

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

Summary of Bill:

A grocery store licensed to sell beer and/or wine may obtain an endorsement to offer beer and wine tasting. A store must meet the following criteria:

- at least half of the gross sales of the store are retail sales of grocery products for off-premises consumption, or the store is a membership organization;
- the store is at least 9,000 square feet in size; and
- the store did not have more than one public safety violation within the past two years.

The Board may issue an endorsement to a store smaller than 9,000 square feet if the store meets operational requirements established by the Board and the Board finds there are no stores in the community that meet the minimum size requirement.

Tasting conditions are set forth, including:

- the licensee must be able to observe and control persons in the service area;
- samples are limited to two ounces, up to a total of four ounces, per customer per visit;
- food for participants must be available; and
- customers must remain in the service area.

Stores may advertise tasting events within the store, on a store website, in newsletters and flyers, and via regular mail and electronic mail to customers who have requested notice of events. Advertising may not be targeted to or appeal principally to youth.

The Board may establish additional requirements to assure persons under 21 years of age and apparently intoxicated persons cannot possess or consume alcohol.

A tasting endorsement may be suspended and not reissued for up to two years if a licensee commits a public safety violation in conjunction with tasting activities. The Board may assess a monetary penalty in lieu of suspension if mitigating circumstances exist. The Board may also revoke an endorsement to a store in an AIA if the tasting activities are having an adverse effect on the reduction of chronic public inebriation.

A winery or brewery may conduct pouring, bottle signing, and other similar informational and educational activities in conjunction with a grocery store tasting event. A grocery store or other retail licensee may not require such services as a condition for including any product in a tasting. Wineries, breweries, and distributors may not pay for samples.

Employees of licensees serving during tasting activities must hold a MAST permit.

The fee for the tasting endorsement is \$200 per year. The Board may increase the fee up to 10 percent annually to defray the cost of administration and enforcement of the endorsement.

The Board must adopt rules to implement the endorsement.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The pilot project was successful and the Board supports expanding tasting to qualified stores. This bill helps Washington wineries and breweries. Smaller wineries and breweries have a more difficult time marketing their products. For example, a customer may be interested in a label, but the product may be costly and the customer may be uncertain about purchasing. If customers have an opportunity to taste, they will buy. The same regulations are in place as for the pilot. Grocery stores are ready to promote wineries and breweries in a safe manner.

(Opposed) None.

Persons Testifying: Senator Kohl-Welles, prime sponsor; Carolyn Logue, Washington Food Industry; and Anne McGrath, Washington Wine Institute.

Persons Signed In To Testify But Not Testifying: None.