
Government Accountability & Oversight Committee

HB 1281

Brief Description: Allowing retail licensees to make group purchases under certain circumstances.

Sponsors: Representative Haler.

Brief Summary of Bill

- Allows two or more retail licensees of the same type to use a designated agent to conduct group purchases of wine or spirits.
- Establishes requirements for the designated agent.

Hearing Date: 1/29/13

Staff: Trudes Tango (786-7384).

Background:

The liquor statutes authorize, and the Liquor Control Board (LCB) issues, a number of retail licenses for the sale of liquor for off and on premises consumption. Examples of retail licenses include: beer and/or wine specialty shop license, grocery store license, restaurant and tavern licenses, spirits retailer license, and nightclub license.

Retail licensees may purchase wine and spirits from a licensed distributor, certificate of approval holder with direct shipping retailer endorsement, or a retailer whose license or endorsement permits resale to a retailer. For example, a retail licensee may purchase wine from a grocery store that has a wine retailer reseller endorsement, and a restaurant or bar may purchase spirits from a spirits retail licensee.

Each retail liquor licensee that has a warehouse facility where it intends to receive wine or spirits must register the warehouse facility with the LCB. The warehouse facility may be shared by

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more than one licensee, but each licensee must demonstrate to the LCB that a recordkeeping system is used to account for all wine and spirits entering and leaving the warehouse for each licensee. If there is no recordkeeping system that meets the LCB's requirements, the wine or spirits for each licensee in the shared warehouse must be separated by a physical barrier.

Licensees in a shared warehouse may consolidate their commitment for the amount of product they plan to order, but their orders must be placed separately and paid for by each licensee.

Summary of Bill:

Two or more retail licensees of the same type may agree to group purchase wine or spirits from a licensed distributor, distiller, rectifier, importer, or certificate of approval holder.

The purchasing group must use a designated agent to conduct its purchases using a master purchase order and must submit the name of the designated agent to the LCB.

The designated agent must:

- have a retail license of the same type as the group purchasers;
- be operating a retail business under that license; and
- not act as an agent for more than one purchasing group.

Likewise, a purchasing group may not have more than one designated agent to conduct its group purchases.

The designated agent must keep a master purchase order, but each retail licensee of the group must provide the agent with a signed order setting forth the retail licensee's order. Each licensee's order must be attached to the master purchase order. Each retail licensee is responsible for full payment of its own order and is responsible for accounting for any of its own product loss that might occur.

Wine or spirits purchased by the purchasing group may be delivered to and stored in a single warehouse facility or single licensed premises, or may be delivered to multiple licensed facilities if the parties to the contract agree. The product is considered received by the licensee of the purchasing group upon delivery of the order to the single warehouse facility or single licensed premises.

Delivery must be within two consecutive business days from the date of the purchase. Business days may include the weekend days and holidays if the parties to the contract agree.

Appropriation: None.

Fiscal Note: Requested.

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