

# SENATE BILL REPORT

## SB 5487

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, February 22, 2005  
Ways & Means, March 7, 2005

**Title:** An act relating to the liquor control board fully implementing a retail business plan.

**Brief Description:** Requiring the liquor control board to implement a retail business plan to improve efficiency and increase revenue.

**Sponsors:** Senators Keiser, Hewitt, Doumit, Delvin, Pridemore, Prentice, Schoesler, McAuliffe, Berkey, Rockefeller and Kohl-Welles.

**Brief History:**

**Committee Activity:** Labor, Commerce, Research & Development: 2/14/05, 2/22/05[DPS-WM, DNP].

Ways & Means: 3/4/05, 3/7/05 [DPS(LCRD), DNP, w/oRec].

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** That Substitute Senate Bill No. 5487 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Brown, Deccio, Hewitt, Keiser and Prentice.

**Minority Report:** Do not pass.

Signed by Senators Parlette, Ranking Minority Member; and Honeyford.

**Staff:** Jennifer Strus (786-7316)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5487 as recommended by Committee on Labor, Commerce, Research & Development be substituted therefor, and the substitute bill do pass.

Signed by Senators Doumit, Vice Chair; Fraser, Vice Chair; Hewitt, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Thibaudeau.

**Minority Report:** Do not pass.

Signed by Senators Parlette, Rasmussen and Roach.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member and Brandland.

**Staff:** Dean Carlson (786-7305)

**Background:** The Liquor Control Board (LCB) has the authority to manage the liquor distribution and retail systems, including the authority to determine the number of liquor stores and their hours of operation. There are 160 state-owned liquor stores and 154 contract liquor stores. The LCB determines the hours of operation for liquor stores based on the cost of operations and available funds.

The LCB has developed the Retail Services Business Plan (Plan) within the context of the LCB's mission and strategic goals. The Plan is a guidebook for the agency's retail operations and progress reviews. The Plan emphasizes maximizing revenues to the state's taxpayers and streamlining and creating effective business practices.

State law provides that state-owned and contract liquor stores may not be open on Sunday, and that the LCB may not advertise liquor.

**Summary of Substitute Bill:** The LCB must implement strategies to improve the efficiency of the retail sales operations and maximize revenue-generating opportunities. Two of the strategies to be implemented are to expand store operations to allow Sunday sales in certain liquor stores and to permit in-store liquor merchandising.

By September 1, 2005, the LCB must choose 20 state operated retail stores to be open on Sundays for a minimum of five hours. The 20 stores must be comprised of those that are expected to gross the most revenues on Sunday. The LCB must track the gross sales and expenses of these 20 stores and compare them to previous years' sales and projected sales and expenses before opening on Sunday. The LCB must present this information to the legislature by January 31, 2007.

In choosing the 20 liquor stores to open on Sunday, the LCB must consider, among other factors, the location of the liquor store in proximity to places of worship, schools, and public institutions. If any of these places is located within 500 feet of a liquor store proposed to be open on Sundays, the LCB must provide them with written notice. The LCB must also consider motor vehicle accident data in the proximity where the liquor store is located.

**Substitute Bill Compared to Original Bill:** In choosing which liquor stores to open on Sunday, the LCB must consider motor vehicle accident data in the proximity of the liquor store.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For (Labor, Commerce, Research & Development):** States that allow Sunday sales have not seen increased problems associated with drinking. Sunday is the second largest shopping day of the week and it makes sense that liquor stores would be open on Sunday. Sunday sales of liquor nationwide has been very successful.

**Testimony Against (Labor, Commerce, Research & Development):** There are enough social problems in this state without creating more by selling liquor on Sundays. The primary

purpose of this legislation is to generate revenue for the state and that is the wrong reason to open liquor stores on Sunday. Opening liquor stores on Sunday has not been studied enough to determine what impact it will have. This bill would force small contract liquor stores to open on Sundays to stay competitive. The LCB should look at the slowest sales day of the week and close that day if it plans to open stores on Sunday.

Other: This bill should not pass without including a provision stating that wine prices in the state liquor stores are to be competitive with wine prices in other stores.

**Who Testified: (Labor, Commerce, Research & Development)** PRO: Senator Keiser, prime sponsor, Dave Ducharme, Distilled Spirits Council of US; Bill Stauffeher, Distiller Representative Association of Washington. OTHER: Clif Finch, Washington Food Industry.

CON: Bob Higley, Washington Evangelical Religious Group & Christian Coalition; Mary Steele Kien, citizen; T.K. Bentler, Washington Association of Neighborhood Stores.

**Testimony For (Ways & Means):** This brings the liquor control board to the 21st century. The bill brings in \$9.9 million this biennium, which is more than was estimated in previous years. There are currently 4,400 licensees of beer and wine, so 20 stores being opened on Sunday should not have much effect.

**Testimony Against (Ways & Means):** Licensees of wine have to buy from a licensed distributor so the LCB can buy wine cheaper. Until you fix this price discrepancy you shouldn't expand sales. We suggest that for every store you open on Sunday you close the store on one of their slow selling days. We would also like to see a sunset provision on this bill.

**Who Testified (Ways & Means):** PRO: Jim Halstrom, Distilled Spirits Council of U.S.; Bill Stauffacher, Distillery Representatives Assoc. of WA. OTHER: Rick Garza, Washington State Liquor Control Board .

CON: T.K. Bentler, Washington Association of Neighborhood Stores.