

HOUSE BILL REPORT

SHB 1422

As Passed House:
March 11, 2013

Title: An act relating to the beer and wine tasting endorsement for grocery stores.

Brief Description: Changing the criteria for the beer and wine tasting endorsement for grocery stores.

Sponsors: House Committee on Government Accountability & Oversight (originally sponsored by Representatives Condotta and Hurst).

Brief History:

Committee Activity:

Government Accountability & Oversight: 2/5/13, 2/14/13 [DPS].

Floor Activity:

Passed House: 3/11/13, 83-12.

Brief Summary of Substitute Bill

- Revises eligibility criteria applicable to grocery stores seeking an endorsement from the Liquor Control Board authorizing them to conduct beer and wine tastings.
- Eliminates the requirement that for a grocery store to be eligible for a beer and wine tasting endorsement then: (1) at least half of the gross sales of the store must be retail sales of grocery products for off-premises consumption; or (2) the store be a membership organization whose members must be at least eighteen years of age.
- Increases a grocery store's minimum square footage requirement from 9,000 to 10,000 square feet before it may be eligible for a beer and wine tasting endorsement.

HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking

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Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso, Shea and Smith.

Staff: Thamas Osborn (786-7129).

Background:

A grocery store licensed to sell beer and/or wine may obtain an endorsement from the Liquor Control Board (LCB) to offer beer and wine tastings. To be eligible, a store must meet the following three 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 that requires members to be at least 18 years of age;
- 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 LCB may issue an endorsement to a store smaller than 9,000 square feet if the store meets operational requirements established by the LCB and the LCB finds there are no stores in the community that meet the minimum size requirement.

In addition, specified conditions for beer and wine tasting must be met, 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 LCB is authorized to establish additional requirements to ensure that 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 LCB may assess a monetary penalty in lieu of suspension if mitigating circumstances exist. The LCB may also revoke an endorsement to a store in an alcohol impact area if the tasting activities are having an adverse effect on the reduction of chronic public inebriation.

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

Summary of Substitute Bill:

The act revises two of the three eligibility criteria that must be met by a grocery store before it may be eligible to obtain an endorsement to offer beer and wine tasting.

First, a grocery store's eligibility for the endorsement no longer requires that: (1) at least half of the gross sales of the store are retail sales of grocery products for off-premises consumption; or (2) the store be a membership organization whose members must be at least 18 years of age.

Second, in order for a grocery store to be eligible for the endorsement, the licensee must operate a fully enclosed retail area that encompasses at least 10,000 square feet. "Fully enclosed retail area" means fully enclosed retail space within a single structure, including storerooms and other interior auxiliary areas but excluding covered or fenced exterior areas, whether or not attached to the structure.

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) Many grocery stores cannot meet the criteria that must be met before they are allowed to conduct beer and wine tastings. This bill eases these requirements and will thus allow many grocery stores to become newly eligible to conduct beer and wine tastings. This, in turn, will greatly increase the revenues of these stores and enable them to become more competitive. This increased competition is good for the local economy and will benefit consumers. The bill will have the effect of increasing locally generated tax dollars.

(Neutral) The square footage requirement is problematic and needs to be revised, insofar as it would make many stores ineligible.

(Opposed) This is yet another bill that increases the prevalence of drinking in our society and, in this case, brings open drinking to businesses frequented by children. The children will be watching. The bill also has the effect of encouraging drinking and driving, which will not go unnoticed by children and young adults. The advertising and promotion of alcohol is pervasive in our culture and this legislation takes the trend a step further.

Persons Testifying: (In support) Representative Condotta, prime sponsor; Mark Johnson, Washington Retail Association; Heather Brown and Michael Johnson, Cost Plus World Market; and Amy Brackenberry, Washington Food Association.

(Neutral) Rick Garza, Liquor Control Board.

(Opposed) Seth Dawson, Washington Association for Substance Abuse.

Persons Signed In To Testify But Not Testifying: None.