# SENATE BILL REPORT
# SB 5731

As of February 15, 2013

**Title**: An act relating to allowing beer and/or wine specialty shop licensees to sell craft distillery products.

**Brief Description**: Allowing beer and/or wine specialty shop licensees to sell craft distillery products.

**Sponsors**: Senators Keiser, Conway, Fain and Kline.

**Brief History:**
  **Committee Activity**: Commerce & Labor: 2/15/13.

## SENATE COMMITTEE ON COMMERCE & LABOR

**Staff**: Edith Rice (786-7444)

**Background**: A beer and/or wine specialty shop license permits a vendor to sell beer and wine at retail in original containers for consumption off premises. The annual license fee is $100 per store. Specialty shop licensees may conduct sampling, and if they meet certain conditions can sell beer to a purchaser who brings their own container.

With the passage of I-1183 in November 2011, the sale of liquor has become privatized. Retailers with 10,000 square feet of retail space, former liquor stores, or contract liquor stores can obtain a spirits retail license. Retail businesses having less than 10,000 square feet of retail space can obtain a spirits retail license from the Liquor Control Board (LCB) if they are otherwise qualified, if there is not a licensed spirits retailer within the trade area, if the applicant meets operational requirements established by LCB, and if the license applicant has no more than one public safety violation within the preceding three years.

Spirits retail licensees pay an annual license renewal fee of $166 and a license issuance fee of 17 percent of all spirits sale revenue under the license exclusive of taxes. Craft distilleries are exempt from payment of the 17 percent license issuance fee.

Article II, section 41 of the Washington State Constitution provides that an initiative passed by the people may not be amended within the first two years following enactment, except by a two-thirds vote of both the House of Representatives and the Senate.

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*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.*

**Summary of Bill**:  Specialty shop licensees that received their license before January 1, 2013,  are under 10,000 square feet, exceed 50 percent liquor sales, and carry a minimum of $5,000 in beer or wine inventory can get an endorsement to sell spirits from a craft distiller. A specialty shop licensee with a craft spirits endorsement will pay a license issuance fee of 17 percent of all spirit sales revenue excluding taxes.  The specialty shop licensee must provide training for servers. Server training is presumed to be sufficient if it incorporates a responsible vendor program adopted by LCB.  Maximum penalties for public safety violations are doubled for sale of spirits by beer and/or wine specialty shop licensees who hold a craft spirits endorsement.  This act is effective December 9, 2013.

**Appropriation**:  None.

**Fiscal Note**:  Requested on February 12, 2013.

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

**Effective Date**:  The bill takes effect on December 9, 2013.

**Staff Summary of Public Testimony**:  PRO:  Smaller stores are struggling in this economy. Some smaller businesses have gone out of business.  This is a convenience for customers. The regulations developed have devalued the specialty retail license.

CON:  This bill will harm the small businesses.  Some of our members have gone bankrupt. This undermines the initiative.  Underage drinking is on the rise because of increased access through more retail sellers and thefts.

OTHER:  We are licensed as a distillery and use Washington products.

**Persons Testifying**:  PRO:  Senator Keiser, prime sponsor; Karen Rogers, Michael Cawdry, Beer and Wine Specialty Shops; Steven Lynn, Water to Wine, Morso.

CON:  Jas Sangha, Darren Smith, Tumwater Liquor and Wine; David Cho, Westgate Liquor; Seth Dawson, WA Assn. for Substance Abuse and Violence Prevention.

OTHER:  Ben Capdevielle, Kirby Kallas-Lewis, Oola Distillery.