

HOUSE BILL REPORT

HB 2794

As Passed House:

February 14, 2004

Title: An act relating to allowing licensees to pay for liquor using debit and credit cards.

Brief Description: Allowing licensees to pay for liquor using debit and credit cards.

Sponsors: By Representatives Condotta and Wood.

Brief History:

Committee Activity:

Commerce & Labor: 2/2/04, 2/3/04 [DP];

Finance: 2/9/04, 2/10/04 [DP].

Floor Activity:

Passed House: 2/14/04, 93-3.

Brief Summary of Bill

- Permits Liquor Control Board licensed organizations to pay for purchases from state liquor stores with credit or debit cards.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; McMorris, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

Staff: Susan Kavanaugh (786-7106).

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

Staff: Rick Peterson (786-7150).

Background:

Washington operates 154 liquor stores directly and contracts with vendors to operate an additional 157. Spirits (hard liquor) may be sold only in these stores.

In 1997, the Legislature authorized purchases at state-operated liquor stores by individual consumers, anyone other than a licensee, to be paid for using a credit or debit card. The legislation also permitted vendor-operated liquor stores to accept credit and debit cards from non-licensees. The following year, the Legislature directed the Liquor Control Board (Board) to pay for acquisition and maintenance of credit card machines at liquor stores through the Liquor Revolving Fund.

There are 3,056 restaurants licensed by the Board to sell beer, wine, and spirits for on-premises consumption. In the absence of authority to use credit and debit cards, restaurants and other organizations licensed by the Board either pay cash for purchases from state liquor stores or enter into a check signing agreement with the Board.

Summary of Bill:

The changes made in 1997 and 1998, allowing use of credit and debit cards for liquor store purchases by individual consumers, are extended to include licensed organizations such as restaurants:

- Purchases made at state operated liquor stores by licensees may be paid for using a credit or debit card;
- Liquor vendors may also accept credit and debit cards for liquor purchased by licensees; and
- Credit card equipment purchased and maintained with money from the Liquor Revolving Fund may be used for purchases by licensees.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (Commerce & Labor) The infrastructure for accepting credit and debit cards is already in place in state liquor stores. Accepting credit cards means having less cash in the store, which is good for public safety. There will also be efficiency gains in not having to collect on bad checks. The state will also get the float from immediate payment on credit and debit cards. Wells Fargo clients that are Spokane-area restaurants asked for this change. Accepting credit and debit cards from licensees is another jump into the 21st century. In 1997, when individual customers were authorized to use credit and debit cards for liquor store purchases, licensees were apparently not interested in using them, but they are now. Although the need to pay credit and debit card transaction

fees means a reduction in distributions to local governments and the General Fund, liquor sales have been increasing at 5 percent per year, and the Board also has authority to raise prices to cover new costs such as this.

Testimony For: (Finance) The cost of credit card and debit card sales are offset by the overall increase in alcohol sales as they have increased by roughly 5 percent over the past five years. The estimate is based on an analogy to retail customer use of credit and debit cards. It is not quite certain that this is accurate. We think the fiscal impact is minimal.

Testimony Against: (Commerce & Labor) None.

Testimony Against: (Finance) None.

Persons Testifying: (Commerce & Labor) Representative Condotta, prime sponsor; Michael Transue, Washington Restaurant Association; Rick Garza, Liquor Control Board; and Steve Gano, Wells Fargo Bank.

Persons Testifying: (Finance) (In support) Michael Transue, Washington State Restaurant Association.

Persons Signed In To Testify But Not Testifying: (Commerce & Labor) None.

Persons Signed In To Testify But Not Testifying: (Finance) None.