

SENATE BILL REPORT

SHB 1379

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, March 24, 2005
Ways & Means, April 1, 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: House Committee on Appropriations (originally sponsored by Representatives Grant, Armstrong, Springer, Hinkle, Fromhold, Walsh, Upthegrove, Bailey, Clibborn, Chase and Simpson).

Brief History: Passed House: 3/09/05, 62-34.

Committee Activity: Labor, Commerce, Research & Development: 3/21/05, 3/24/05 [DP-WM, DNP, w/oRec].
Ways & Means: 4/1/05.

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: 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 Senator Honeyford.

Minority Report: That it be referred without recommendation.
Signed by Senators Franklin, Vice Chair; and Parlette, Ranking Minority Member.

Staff: Jennifer Strus (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

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 Amended 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.

Amended Bill Compared to Original Bill: The requirement that the stores be open no earlier than 12:00 p.m. on Sunday is replaced by the requirement that they must be open for at least five hours. The Liquor Control Board must take motor vehicle accident data in consideration when determining which stores to open on Sunday.

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): Opening some liquor stores on Sunday would provide consumers with the opportunity to shop for liquor products on the second busiest shopping day of the week. This bill is not about encouraging people to consume more liquor. In states with Sunday liquor sales, there is no evidence that there are greater accident incidents on Sundays when liquor stores are open. There are 4400 retail establishments selling beer and wine on Sundays and, if this bill passed, 20 state liquor stores selling spirits. This seems a very measured approach.

Testimony Against (Labor, Commerce, Research & Development): This bill should be a pilot project with a sunset clause included so that the legislature can review whether opening stores on Sunday makes sense. Opening state liquor stores on Sundays means they will compete for wine sales with retail stores who cannot offer similar wines at the low rates offered by the state liquor store.

Who Testified (Labor, Commerce, Research & Development): PRO: Dave Ducharme, Distiller Spirits Council of the US; Bill Stauffacher, Distilling Representatives Association of Washington.

OTHER: Rick Garza, Washington Liquor Control Board.

CON: T.K. Bentler, Washington Association of Neighborhood Stores; Dick Siegel, Conference Group of Mini Marts.

Testimony For (Ways & Means on SSB 5487): 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 on SSB 5487): 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 on SSB 5487): 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.