

HOUSE BILL REPORT

ESB 5751

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to wine and beer tasting.

Brief Description: Creating a wine and beer tasting pilot project in grocery stores.

Sponsors: Senators Kohl-Welles, Hewitt and Rockefeller.

Brief History:

Committee Activity:

Commerce & Labor: 2/21/08, 2/28/08 [DPA].

Brief Summary of Engrossed Bill
(As Amended by House Committee)

- Establishes a pilot project for grocery store tastings of beer and wine.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 5 members: Representatives Conway, Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Moeller and Williams.

Minority Report: Without recommendation. Signed by 3 members: Representatives Wood, Vice Chair; Crouse and Green.

Staff: Joan Elgee (786-7106).

Background:

A grocery store license issued by the Liquor Control Board (Board) allows the sale of beer and/or wine for off-premises consumption. A beer and/or wine specialty shop license also allows the sale of beer and/or wine for off-premises consumption. Speciality shops may provide up to two-ounce samples for purposes of sales promotion.

Current law allows other giving away of liquor by licensees in limited circumstances. A brewery, distributor, winery, distiller, certificate of approval holder, or importer may furnish

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samples of beer, wine, or spirits to a licensee to negotiate sales. Except for importers, these licensees are also allowed to provide samples of beer, wine, or spirits to licensees and their employees to instruct them on the history, nature, values, and characteristics of the beer, wine, or spirits. A winery, brewery, certificate of approval holder, or distributor may also furnish wine and beer to certain nonprofit groups. Finally, a brewery or winery may serve beer or wine without charge on its premises.

An alcohol impact area (AIA) is a geographic area, designated by a local government and recognized by resolution of the Board, that is adversely affected by chronic public inebriation or illegal activity associated with alcohol sales or consumption. The Board has established a process for recognizing alcohol impact areas and placing restrictions on licensees located in an AIA. The restrictions may include restrictions on hours of operation, sale of certain products, and availability of container sizes.

Summary of Amended Bill:

The Board is directed to establish a pilot project for beer and wine tasting in grocery stores. The pilot project is for 30 stores with at least six tastings (but no more than once per month) at each location between October 1, 2008, and September 30, 2009.

The pilot project locations must be equally allocated between independently-owned and chain grocery stores. To be eligible, the primary activity of the store must be the retail sale of grocery products for off-premises consumption and the store must have a fully enclosed retail area of at least 9,000 square feet.

A number of conditions for sampling must be met. Samples must be two ounces or less, up to four ounces, and no more than one sample of any single brand may be provided to a customer during any one visit. The store must have food available. The service area must be within the store's fully-enclosed retail area and must be of a size and design so that the licensee can observe and control people in the area to ensure that those under 21 and apparently intoxicated persons cannot consume alcohol. Customers must remain in the service area while consuming alcohol. The store may advertise the tasting event only within the store. Employees of both grocery stores and speciality shops who are involved in tasting activities must complete a Board-approved limited alcohol server training program that addresses only those subjects reasonably related to the tasting activities.

The Board may prohibit tasting at a pilot project location within an AIA if the Board finds that tasting at the location is having an adverse effect on the reduction of chronic public inebriation in the area.

The cost of sampling may not be borne by any liquor manufacturer, importer, or distributor.

The Board must report to the Legislature by December 1, 2009, and the provisions also expire on December 1, 2009.

Amended Bill Compared to Original Bill:

The amendment adds the provision giving the Board authority to prohibit tasting at a pilot project location within an AIA if the Board finds that tasting at the location is having an adverse effect on the reduction of chronic public inebriation in the area.

In addition, the amendment provides that licensees must be able to observe and control persons to ensure that "apparently" intoxicated, rather than "obviously" intoxicated, persons cannot possess or consume alcohol. ("Apparently" is used in penalty provisions.)

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is a modest and reasonable pilot with safeguards. Stores get questions about products and want to be able to do educational tastings. Very limited sampling of premium Washington wines will be allowed and the sampling will promote smaller wineries and breweries. Some wines may be expensive and this way the customer can try before they buy. Many customers cannot get to Walla Walla to taste at a winery.

Tastings are already occurring at beer and wine speciality shops, wineries, and breweries, with no incidents. Grocery store tastings have been successful in Oregon.

Control of sampling will be by hand stamps. Tastings will not be a party event.

The minimum square footage so that an area can be set off for tasting is 9,000 square feet.

(Information only) Responded to questions.

(Opposed) Tastings are another form of advertising. In the past five years, the number of alcohol ads seen by youth has increased by 41 percent. This bill raises concern about modeling; how do you measure the impact on attitudes about alcohol? Unlike a winery, a grocery store is a family environment.

The money would be better spent on prevention and treatment.

The wine industry is a \$4 billion per year industry and is doing fine without tastings.

Smaller stores in neighborhoods should be able to participate. Tastings could occur after hours and would be a valuable marketing tool.

Persons Testifying: (In support) Jan Gee, Washington Food Industry; Bob Broderick, Northwest Grocers; Holly Chisa, Northwest Grocery Association; Arlen Harris, Washington Brewers Guild; Ron Main, Washington Beer and Wine Wholesalers Association; Mark Johnson, Washington Retail Association; and Jean Leonard, Washington Wine Institute.

(Information only) Karen McCall, Washington State Liquor Control Board.

(Opposed) Mary Segawa; Jim Cooper; Julie Peterson, Washington State Association for Substance Abuse; and Walter Hannon.

Persons Signed In To Testify But Not Testifying: None.