
Commerce & Gaming Committee

HB 2792

Brief Description: Modifying provisions on spirits retailers.

Sponsors: Representatives Chapman and Blake.

Brief Summary of Bill

- Authorizes the owners of former contract liquor stores or former state liquor stores to operate the business from premises other than those originally in operation prior to the passage of Initiative 1183.
- Prohibits the Liquor and Cannabis Board from denying a spirits retail license to a relocated former contract liquor store or former state liquor store on the grounds that the new location is in the trade area of another licensed spirits retailer.

Hearing Date: 1/22/18

Staff: Thamas Osborn (786-7129).

Background:

History and Overview of the Spirits Retail License System.

Initiative Measure 1183 (I-1183), passed by the voters in November 2011, transferred the responsibility for the distribution and retail sale of spirits from the Liquor Control Board (now the "Liquor and Cannabis Board" or "LCB") to the private sector. Following the passage of I-1183, those private businesses licensed by the LCB to sell spirits at the retail level were designated as spirits retail licensees. At that time, such licensees generally fell into two categories: (1) qualifying grocery stores and beer and/or wine specialty shops, and other large retail establishments encompassing at least 10,000 feet of enclosed retail space; and (2) smaller liquor stores that are either former state-owned liquor stores or former "contract liquor stores" that sold liquor on behalf of the state pursuant to contracts with the LCB prior to the passage of I-1183.

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.

Location Restrictions on Former State-Owned Liquor Stores and Former Contract Liquor Stores.

Initiative 1183 required the sale to the public, by auction, of all state owned liquor stores. As a precondition of continuing to do business under a spirits retail license, those who purchased state owned liquor stores at auction are required to operate out of the same premises originally occupied by the state owned store purchased through the auction. This is the result of the fact that, under the terms of I-1183, the purchasers right to continue to operate under a spirits retail license is conditioned upon the store remaining in the original location. This location restriction applies to both the original purchaser and successors in interest. There is no statutory provision authorizing the original purchaser or a subsequent purchaser to relocate a former state liquor store purchased through an I-1183 auction.

Owners of former contract liquor stores are subject to the same location restrictions as are the purchasers of former state liquor stores. Pursuant to statute, the LCB may not deny a spirits retail license to the operator of a former contract liquor store provided the business remains at the same location as the original contract liquor store. In other words, the purchasers right to continue to operate under the spirits retail license is conditioned upon the store remaining on the original premises. This location restriction applies to subsequent purchasers as well. And, as is the case with former state liquor stores, there is no statutory provision authorizing the operator of a former contract liquor store to relocate the business.

Summary of Bill:

The owner of a former contract liquor store or former state liquor store, holding a spirits retail license or combination spirits, beer, and wine license, may operate its business from premises other than the original premises in operation prior to the passage of I-1183. This right of relocation also applies to subsequent purchasers.

The LCB may not deny a spirits retail license to a relocated former contract liquor store or former state liquor store on the grounds that the new location is in the trade area of another licensed spirits retailer.

Appropriation: None.

Fiscal Note: Available.

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