Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Consumer Protection & Business Committee

HB 1636

Brief Description: Eliminating the per transaction limit for wine and spirit sales.

Sponsors: Representatives Volz, Hackney, Walen, McClintock, Chase and Parshley.

Brief Summary of Bill

- Removes the restriction that, generally, no single sale of bottled or packaged wine or spirits by certain retail liquor licensees may exceed 24 liters when the sale is to another liquor retailer that is licensed to sell wine or spirits for consumption on the premises.

Hearing Date: 2/11/25

Staff: Peter Clodfelter (786-7127).

Background:

Combination Spirits, Beer, and Wine License.
There is a liquor license called a combination spirits, beer, and wine license, to: (1) sell wine and beer at retail in bottles, cans, and original containers, not to be consumed upon the premises where sold; (2) sell spirits in original containers to consumers for consumption off the licensed premises and to permit holders; (3) sell spirits in original containers to retailers licensed to sell spirits for consumption on the premises, for resale at their licensed premises according to the terms of their license, although no single sale may exceed 24 liters; and (4) export spirits.

Wine Retailer Reseller Endorsement.
There is a wine retailer reseller endorsement to a beer and/or wine specialty shop license, to sell wine at retail in original containers to retailers licensed to sell wine for consumption on the

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premises, for resale at their licensed premises according to the terms of their license. However, no single sale may exceed 24 liters, unless the sale is made by a licensee that was a former state liquor store or contract liquor store at the location from which the sales are made.

Grocery Store License.
There is a grocery store license to sell wine and/or beer at retail in original containers, not to be consumed upon the premises where sold. There is a wine retailer reseller endorsement to a grocery store license, to sell wine at retail in original containers to retailers licensed to sell wine for consumption on the premises, for resale at their licensed premises according to the terms of their license. However, no single sale may exceed 24 liters, unless the sale is made by a licensee that was a contract liquor store manager of a contract-operated liquor store at the location from which the sales are made.

Spirits Retail License.
There is a spirits retail license to: (1) sell spirits in original containers to consumers for consumption off the licensed premises and to permit holders; (2) sell spirits in original containers to retailers licensed to sell spirits for consumption on the premises, for resale at their licensed premises according to the terms of their license, although no single sale may exceed 24 liters, unless the sale is by a licensee that was a contract liquor store manager of a contract liquor store at the location of its spirits-retail-licensed premises from which it makes such sales; and (3) export spirits.

Closure and Auction of Former State Liquor Stores.
Initiative Measure No. 1183, passed in 2011, required the Liquor and Cannabis Board (LCB) to close all state liquor stores by June 1, 2012, and to auction off its existing state liquor distribution and state liquor store facilities and equipment, obtaining the maximum reasonable value for all asset sales. At a public auction in 2012, the LCB sold the right at each state-owned store location, 167 in total, for a spirits retail licensee to operate a liquor store. Acquisition of the operating rights was a precondition to, but did not establish eligibility for, a spirits retail license at the location of a state store.

Successful bidders had the exclusive right to apply for a spirits retail license at the current location within its current footprint. However, if successful bidders were unable to secure a lease at the state store's location, the LCB provided that they could resell their right or request an alternative location within a 1-mile radius of the existing location. The total sum of all bids at the auction was $30.75 million, with 121 individual successful bidders. The lowest winning bid for a store was $49,600, and the highest winning bid for a store was $750,100. All sales proceeds, net of direct sales expenses and other authorized transition costs, were deposited into the Liquor Revolving Fund.

Summary of Bill:

Combination Spirits, Beer, and Wine License.
The restriction that no single sale may exceed 24 liters is removed, for sales by combination

spirits, beer, and wine licensees of spirits in original containers to retailers licensed to sell spirits for consumption on the premises.

Wine Retailer Reseller Endorsement.
The restriction that, generally, no single sale may exceed 24 liters is removed, for sales of wine by holders of the wine retailer reseller endorsement to retailers licensed to sell wine for consumption on the premises.

Grocery Store License.
The restriction that, generally, no single sale may exceed 24 liters is removed, for sales of wine by a grocery store licensee with a wine retailer reseller endorsement to retailers licensed to sell wine at retail for consumption on the premises.

Spirits Retail License.
The restriction that, generally, no single sale may exceed 24 liters is removed, for sales of spirits in original containers by spirit retail licensees to retailers licensed to sell spirits for consumption on the premises.

Appropriation: None.

Fiscal Note: Requested on February 5, 2024.

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