

HOUSE BILL REPORT

HB 1202

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to on-premise spirits sampling.

Brief Description: Creating a pilot project to allow spirits sampling in state liquor stores and contract stores.

Sponsors: Representatives Hunt, Taylor and Moscoso.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 1/19/11, 1/27/11 [DPS].

Brief Summary of Substitute Bill

- Creates a pilot project for spirits sampling in state and contract liquor stores.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Hunt, Chair; Appleton, Vice Chair; Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander, Condotta, Hurst and McCoy.

Minority Report: Do not pass. Signed by 1 member: Representative Miloscia.

Staff: Joan Elgee (786-7106).

Background:

In Washington, spirits in the original package may be sold only in state liquor stores and contract liquor stores. (An exception allows limited sales of spirits by craft distillers.) For retail sales of beer and wine, and spirits by the drink, the Liquor Control Board (Board) issues licenses to various types of retailers.

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.

Sampling of spirits, beer, and wine by retail customers is permitted in some circumstances. Beer and/or wine specialty shops may serve samples of two ounces or less to a customer. Legislation passed in 2010 allows certain types of grocery stores to conduct tastings with an endorsement issued by the Board. Breweries and wineries may also serve samples. A craft distillery may provide one-half ounce or less samples of spirits, up to a total of two ounces per day to a customer, 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 may place restrictions on licensees located in an AIA.

Persons who solicit or take orders for a distiller, manufacturer, importer, or distributor of spirits must hold a representative's license issued by the Board.

Liquor may not be consumed on the premises of a state liquor store.

Summary of Substitute Bill:

The Liquor Control Board (Board) is directed to establish a pilot project for spirits sampling in state and contract liquor stores to promote the sponsor's products.

The pilot project consists of 30 locations with at least six samplings to be conducted at each location between September 1, 2011, and September 1, 2012. Only one sampling per week at a store is permitted. The Board must select the stores. In selecting stores, the Board must give:

- due consideration to the location of the store with respect to places of worship, schools, and public institutions, and must give written notice to these entities located within 500 feet of the store; and
- due consideration to motor vehicle accident data in the proximity of the store.

The following conditions apply to sampling:

- Only persons age 21 or over and no apparently intoxicated person may sample spirits.
- Samples may be free of charge.
- Samples must be one-quarter ounce or less, with no more than one ounce of samples per person per day.
- Only sponsors may serve samples. A sponsor is a domestic distiller or an accredited representative of a distiller, manufacturer, importer, or distributor of spirits.
- Any person involved in serving samples must have completed a Mandatory Alcohol Server Training program.
- The product sampled must be available at the store where the sampling occurs.
- Customers must remain on the premises while consuming samples.
- Stores may advertise on a store website, in store newsletters and flyers, and via electronic mail and postal mail to customers who have requested notice of events. Advertising may not be targeted to, or appeal principally to, youth.

The Board may prohibit sampling at a store within the boundaries of an Alcohol Impact Area if the sampling is having an adverse effect on the reduction of chronic public inebriation. All other criteria needed to establish and monitor the pilot project are determined by the Board. The Board may adopt rules to implement the pilot project.

The prohibition against consuming liquor on the premises of a state liquor store is amended to allow spirits sampling, and contract stores are given explicit authority for sampling on their premises.

The Board must report on the pilot project to the appropriate committees of the Legislature by December 1, 2012.

Substitute Bill Compared to Original Bill:

The substitute bill:

- restores current law setting the retail price as the price charged for spirits purchased for sampling;
- expands the permitted types of advertising and provides that advertising may not be targeted to, or appeal principally to, youth; and
- makes a number of clarifying and housekeeping changes, including to make clear that only persons age 21 or over may sample spirits and that only sponsors may serve samples, and to create an exemption to current law that prohibits the giving away of liquor by distillers.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill was modeled after other sampling bills. Spirits sampling takes place in almost all states, including 16 control states. This bill will be good for contract liquor stores that participate. Broader advertising language is desired. Sampling is primarily for consumer education. There are over 4,500 types of spirits and to spend \$20 to \$25 without tasting is difficult. This bill will allow people to come in and talk about their products. Grocery stores have wine stewards. Liquor stores do not.

This is a pilot only. Children are not allowed in state stores without an adult. Samples are only one-quarter ounce, too small to feel and are less than the one-half ounce permitted at craft distilleries. One way to do the sampling is to set up a card table with a sign-up sheet and mandatory identification check.

Beer and wine samples are purchased at wholesale. There should be a level playing field for purchase of spirits samples. Purchasing at cost plus a handling fee will be less burdensome.

(Information only) The Governor recently asked the Liquor Control Board (Board) to survey people and one question concerned sampling. The Board will be discussing the survey results with the Governor. Sampling takes place in almost all states without incident.

(Opposed) None.

Persons Testifying: (In support) Michael Transue, Contract Liquor Store Managers Advisory Committee; Carrie Tellefson, Kristin Adams, and Matt McCarthy, Distillers Representatives Association of Washington; Dave Ducharme, Distilled Spirits Council of the United States; and Charlie Brown, Diagio.

(Information only) Sharon Foster, Washington State Liquor Control Board.

Persons Signed In To Testify But Not Testifying: None.