

ALCOHOL IMPACT AREAS

Searching for Successful Solutions



CHRONIC PUBLIC INEBRIATION IS A COMMUNITY PROBLEM

- One of the most severe forms of the disease of alcohol addiction
- Rarely the only challenge and often intertwined with
 - Drug addiction
 - Mental health
 - Homelessness
- Community problem demands community response

WHY CAN'T DISTRIBUTORS STOP SELLING?

- Antitrust Law Prohibitions
 - Allocate geographic areas or customers served
 - Control Sales
 - Encourage refusals to deal or boycotts
- Alcohol Licensing Law
 - Requirement to sell malt beverages to all retail licensees at the same price, provided the product is available
 - Refusal to sell constitutes “undue influence”

WHY DON'T ALCOHOL IMPACT AREAS WORK?

- Don't address disease of alcoholism
- Don't address related problems
- Pushes problem to neighboring areas (Tacoma)
- Shifts consumption to other malt beverage products (Olympia)
- Shifts consumption to other categories of products (Tacoma-Lincoln District)
- Imports products into AIA (role of free transit)

WHAT CAN DISTRIBUTORS DO?

- Promote voluntary sales bans
 - Limit the sale of single serve products during particular times of day
 - Work in conjunction with law enforcement to educate retailers
 - Provide signage and information
- Benefits
 - Address areas beyond city boundaries (Wapato)
 - Target priority areas quickly (Seattle)
 - Maintain education effort (Bremerton)

WHAT CAN THE COMMUNITY DO?

- Elected Officials
 - Invest in services to address problems intertwined with CPI
 - Recognize retailers who successfully participate in voluntary efforts
- Law Enforcement
 - Increase enforcement against CPI related offenses
 - Investigate retailer activities in areas of high CPI-related complaints (sale to intoxicated persons, sales to kids)
- Neighborhoods
 - Report CPI related offenses
 - Report retailer violations
 - Support retailers participating in voluntary efforts

WHAT CAN THE LCB DO?

- Evaluate AIA efforts
 - Ensure AIA application is based on measurable metrics
 - Ensure annual reports are completed in a timely manner
 - Ensure annual reports track and report with the same metrics used to justify the AIA
- Investigate retailer activities in areas of high CPI-related complaints
- Partner with local law enforcement and distributors to promote single serve sales limit programs

CONCLUSION

- Partnership Benefits the Community
- Questions & Next Steps



Washington Craft Beer Industry Fact Sheet

Economic Impact:

- In 2014, Washington craft breweries generated over \$1.6 billion in direct economic impact in Washington State (source: Brewers Association)
- In the same year, when coupled with the revenue generated by distributors and retailers, WA brewers economic impact totaled in excess of \$6 billion (source: Beer Institute)

Growth:

- Washington State ranks 2nd in the US for total number of breweries, with 305 breweries operating across Washington
- Roughly one quarter of Washington craft breweries opened in 2014, making Washington State first in the country in 2014 for new brewery openings
- Between 2011 and 2014, WA craft breweries increased barrel production by 63 percent

Jobs:

- In 2014, small and independent Washington craft breweries employed 14,782 full time employees with an average wage of \$44,392
- Washington's small and independent breweries generated over \$650 million in wages

Local:

- Hops grown in Washington account for 77 percent of the US hop crop; the US hop crop represents one third of the world's hop crop
- Washington's breweries, many of them small and family owned, are an integral part of their local communities, operating in all areas of our state

Washington State Liquor and Cannabis Board

Issue Paper

Beer/Wine Gift Delivery License

Date: December 16, 2015

Presented by: Karen McCall, Agency Rules Coordinator

Description of the Issue

The purpose of this Issue Paper is to request approval from the Board to file proposed rules (CR 102) creating a new section in Chapter 314-03 WAC Allowed Activities.

Why is rule making necessary?

The Beer/Wine Gift Delivery license allows a business that is primarily engaged in the retail sale of gifts or flowers to deliver beer and/or wine in bottles or original packages. The beer or wine must be delivered in conjunction with the gifts or flowers. Many of the orders are placed via the internet. The board has in the past allowed internet sales for holders of this license but there are currently no rules that outline the requirements for this practice. Becky Smith, Licensing Director, has asked for an interim policy and rules to outline the requirements for internet sales and delivery of beer and wine.

What changes are being proposed?

New Section. WAC 314-03-040 Consumer orders, internet sales, and delivery for beer and/or wine gift delivery licenses. Created a new rule clarifying the requirements for a beer and/or wine gift delivery licensee to sell over the internet and delivery beer and wine to their customers.

Attachment: Proposed Rules

NEW SECTION

WAC 314-03-040 Consumer orders, internet sales, and delivery for beer and/or wine gift delivery licenses. A beer and/or wine gift delivery licensee may accept orders for beer or wine from, and deliver beer or wine to, customers.

(1) **Resale.** Liquor shall not be for resale.

(2) **Stock location.** Liquor must come directly from a licensed retail location.

(3) **How to place an order.** Liquor may be ordered in person at a licensed location, by mail, telephone or internet, or by other similar methods.

(4) **Sales and payment.**

(a) Only a licensee or a licensee's direct employees may accept and process orders and payments. A contractor may not do so on behalf of a licensee, except for transmittal of payment through a third-party service. A third-party service may not solicit customer business on behalf of a licensee.

(b) All orders and payments shall be fully processed before liquor transfers ownership or, in the case of delivery, leaves a licensed premises.

(c) Payment method. Payment methods include, but are not limited to: Cash, credit or debit card, check or money order, electronic funds transfer, or an existing prepaid account. An existing prepaid account may not have a negative balance.

(d) Internet. To sell liquor via the internet, a new license applicant must request internet-sales privileges in his or her application. An existing licensee must notify the board prior to beginning internet sales. A corporate entity representing multiple stores may notify the board in a single letter on behalf of affiliated licensees, as long as the liquor license numbers of all licensee locations utilizing internet sales privileges are clearly identified.

(5) **Delivery location.** Delivery shall be made only to a residence or business that has an address recognized by the United States postal service; however, the board may grant an exception to this rule at its discretion. A residence includes a hotel room, a motel room, or other similar lodging that temporarily serves as a residence.

(6) **Hours of delivery.** Liquor may be delivered each day of the week between the hours of 6:00 a.m. and 2:00 a.m. Delivery must be fully completed by 2:00 a.m.

(7) **Age requirement.**

(a) Per chapter 66.44 RCW, any person under twenty-one years of age is prohibited from purchasing, delivering, or accepting delivery of liquor.

(b) A delivery person must verify the age of the person accepting delivery before handing over liquor.

(c) If no person twenty-one years of age or older is present to accept a liquor order at the time of delivery, the liquor shall be returned.

(8) **Intoxication.** Delivery of liquor is prohibited to any person who shows signs of intoxication.

(9) **Containers and packaging.**

(a) Individual units of liquor must be factory sealed in bottles, cans or other like packaging. Delivery of growlers, jugs or other similar, nonfactory sealed containers is prohibited. For the purposes of

this subsection, "factory sealed" means that a unit is in one hundred percent resalable condition, with all manufacturer's seals intact.

(b) The outermost surface of a liquor package, delivered by a third party, must have language stating that:

(i) The package contains liquor;

(ii) The recipient must be twenty-one years of age or older; and

(iii) Delivery to intoxicated persons is prohibited.

(10) **Required information.**

(a) Records and files shall be retained at the licensed premises. Each delivery sales record shall include the following:

(i) Name of the purchaser;

(ii) Name of the person who accepts delivery;

(iii) Street addresses of the purchaser and the delivery location; and

(iv) Time and date of purchase and delivery.

(b) A private carrier must obtain the signature of the person who receives liquor upon delivery.

(c) A sales record does not have to include the name of the delivery person, but it is encouraged.

(11) **Web site requirements.** When selling over the internet, all web site pages associated with the sale of liquor must display a licensee's registered trade name.

(12) **Accountability.** A licensee shall be accountable for all deliveries of liquor made on its behalf.

(13) **Violations.** The board may impose administrative enforcement action upon a licensee, or suspend or revoke a licensee's delivery privileges, or any combination thereof, should a licensee violate any condition, requirement or restriction.