

Alcohol Pricing

WRA Position: The WRA believes the Legislature should reaffirm its intent to exclude restaurants, bars and taverns from the increase in spirits prices adopted in the 2009 session, and ensure that any increase in the price of spirits occurring during the 2010 session specifically exclude those businesses.

Suggested Talking Points:

- The jobs and economic activity generated by restaurants, bars and taverns are too important to risk during these difficult economic times.
- While sales to the general public have remained relatively strong, consumers are scaling back purchases at restaurants, bars and taverns. Reversing the price will assist in restoring jobs and economic activity within the hospitality industry.

Background: The 2009-2011 Biennial Budget (HB 1244) adopted by the Legislature and signed by Gov. Gregoire directs the transfer of \$80 million from the liquor revolving account to the General Fund and directs the Liquor Control Board to replenish these funds through efficiencies and/or price increases. During the budget negotiations, concern was raised over the potential adverse impact on jobs and economic activity in the hospitality industry if prices were increased on restaurants, bars and taverns (liquor licensees). In previous budgets where this issue has arisen, these businesses (commonly referred to as “back of the liquor store purchasers”) have been exempted from similar budget-directed price increases through specific budgetary language.

Because of the budget language structure, House budget writers determined that specific language to exempt restaurants, bars and taverns from any spirit price increase was not

necessary and would likely trigger a two-thirds vote requirement. Instead, the House opted to document the Legislature’s intent through a floor colloquy between Rep. Conway and Rep. Condotta, which was completed during the floor debate on HB 1244.

Current Situation: On May 6, 2009, the LCB voted to increase the price of spirits, effective Aug. 1, so as to restore the \$80 million to the liquor revolving account. The Board’s decision applied to all purchasers of spirits, including liquor licensees. About 27 percent of all spirits sales are to restaurants, bars and taverns. Recent sales data shows the LCB’s decision translates to a \$21.6 million biennial increase in prices to the restaurants, bars and taverns that depend on the state to supply the alcohol products necessary to operate their businesses.