

Members

Sen. Ron Alting, Chairperson
Sen. Richard Bray
Sen. James Merritt
Sen. Timothy Lanane
Sen. Earline Rogers
Sen. Vi Simpson
Rep. Trent VanHaaften, Vice-Chairperson
Rep. Scott Pelath
Rep. Phil GiaQuinta
Rep. Matt Bell
Rep. Jack Lutz
Rep. Thomas Dermody



INTERIM STUDY COMMITTEE ON ALCOHOLIC BEVERAGES

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Authority: P.L. 94-2008 (HEA 1118-2008)

MEETING MINUTES¹

Meeting Date: August 20, 2008
Meeting Time: 1:00 P.M.
Meeting Place: State House, 200 W. Washington
St., Room 431
Meeting City: Indianapolis, Indiana
Meeting Number: 2

Members Present: Sen. Ron Alting, Chairperson; Sen. Richard Bray; Sen. James Merritt; Sen. Timothy Lanane; Rep. Trent VanHaaften, Vice-Chairperson; Rep. Scott Pelath; Rep. Phil GiaQuinta; Rep. Matt Bell; Rep. Jack Lutz; Rep. Thomas Dermody.

Members Absent: Sen. Earline Rogers; Sen. Vi Simpson.

1. Call to order/ introduction of members

After Sen. Alting called the meeting to order at 1:05 p.m. Committee members and staff introduced themselves.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.in.gov/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

2. Testimony and discussion

Sen. Alting said that witnesses would speak on the following issues:

- Alcohol server training and employee permits for sales clerks in dealer establishments.
- Displaying alcoholic beverages in separate areas in dealer establishments.

John Livengood, Indiana Association of Beverage Retailers

Mr. Livengood explained that his association represents package liquor stores. Mr. Livengood gave a presentation regarding the ServSafe Alcohol program. He submitted the presentation in writing to the Committee (Exhibit 1). Mr. Livengood also distributed to the Committee a handout regarding other states' laws on alcoholic beverage sales to minors. (Exhibit 2) Mr. Livengood made the following points:

- His members believe the industry should do their own training. ServSafe is a national program used by many establishments for their in-house training; the program can be tailored for Indiana. The ServSafe program is better than the Alcohol and Tobacco Commission's (ATC) program, because it relies upon scientific data.
- Currently only restaurant servers who are 19 or 20 years old are required to complete alcohol server training because the statute requiring alcohol server training for other employees and managers is not yet in effect.
- His clients are eager to begin the training. If the alcohol server training statute were amended to specifically name which programs are acceptable in addition to authorizing the ATC to approve other programs, his clients could start training employees now.
- Alaska allows a retailer to bring a civil action against a minor who enters licensed premises or shows fraudulent identification. Texas shifts the burden from the owner to the clerk who sold the alcohol to the minor if the clerk received server training.
- Sometimes minors use a fraudulent ID to purchase alcohol but show their real identification when stopped by excise police. The law could be amended to authorize sellers to confiscate fraudulent IDs.

With regard to separate display areas in dealer establishments, Mr. Livengood said that his association is in favor of it. The Committee discussed the laws of other states regarding minors purchasing alcohol and the merits of the in-house training programs.

Grant Monahan, Indiana Retail Council, Inc.

Mr. Monahan made the following points:

- Use of false IDs by minors to purchase alcohol is the biggest problem facing retailers.
- Employee permits should be eliminated. A person only has to complete a form and pay a fee to obtain an employee permit, and does not have to take a test or

complete server training. Most sales to minors occur where there are licensed clerks.

- His clients prevent minors' access to alcohol by training employees, investing in in-store security measures, and adopting a policy of terminating any employee or manager who sells alcohol to a minor.
- His members probably wouldn't object to the ATC reviewing their in-house training program.

Joe Lackey, President, Indiana Grocery and Convenience Store Association

Mr. Lackey made the following points:

- The legislature should eliminate employee permits. Employee permits were created to generate excise officers' retirement funds.
- Mandatory training of employees by the ATC or other group is unnecessary given the extensive in-house training that employees already receive. His members' policy is to immediately terminate an employee who sells alcohol to a minor.
- The problem of fake IDs could be solved by making the bar code on Indiana driver's licenses readable by the cash register scanner.
- All alcohol purchases should require the sales clerk to check the purchaser's identification.

Tammy Loew, Indiana Coalition to Reduce Underage Drinking

Ms. Loew submitted her testimony to the Committee in writing (Exhibit 3). Ms. Loew made the following points:

- Since research shows that server training reduces youth access to alcohol and impaired driving, all servers and sellers of alcohol should receive training.
- Alcohol should be separated from other products in a store to reduce youth access to alcohol.

Ron Breymier, Indiana Petroleum Marketers and Convenience Store Association

Mr. Breymier said that he supported the positions of Grant Monahan and Joe Lackey. Mr. Breymier said that he appreciated that the legislature last session mandated compliance checks in HEA 1118. Since the mandated compliance checks, his clients went from 40% noncompliance to 12% noncompliance.

Grant Monahan, Indiana Retail Council Inc.

Mr. Monahan addressed the Committee concerning separate display of alcoholic beverages. Mr. Monahan made the following points:

- This issue is an attempt by package liquor stores to use the legislature to restrict their competitors. Separate display areas would require grocery and drug stores to spend millions of dollars in remodeling costs.

- How a retailer lays out his store to please his customers is a free market issue. Just because minors see a display of alcoholic beverages does not mean that they can purchase them. The issue is not minors' access to alcohol or separate display of alcohol, but illegal sales.
- Retailers are using sophisticated in-store security to monitor and prevent unauthorized access to alcohol, including video surveillance, security bottle caps, alarms at exits, requiring patrons to obtain the product from a clerk, and cash register prompts requiring an ID check to complete the transaction. Retailers are requiring ID checks for alcohol purchases of anyone who appears to be under 27 years of age, consistent with the federal law regarding tobacco purchases. The retailers' policy is to terminate any employee who sells alcohol to a minor.
- Instead of focusing on sales displays, the legislature should look at minors' access to alcohol at sporting events, parties, and home. He distributed a newspaper article that said that 40% of teens said that they received alcohol from their parents and other adults. (Exhibit 4).
- He supports allowing children to accompany parents in package liquor stores, since the problem is illegal sales to minors, not access.

Sen. Alting said that he has never been contacted by a package liquor store regarding separate sales displays. In every instance he was contacted by constituents who were concerned about how alcohol was being displayed in their local store. Mr. Monahan responded that constituents should complain to the store manager, because retailers want to please their customers.

Joe Lackey, President, Indiana Grocery and Convenience Store Association

Mr. Lackey addressed the Committee concerning separate display of alcoholic beverages. Mr. Lackey made the following points:

- Constituents who object to display of alcoholic beverages should talk to the store manager. The grocery and convenience store business is a highly competitive environment so businesses are eager to please their customers.
- Alcohol sales by the drink present a bigger problem. It does not make sense that it is acceptable for minors to see adults drinking but not acceptable to see alcoholic beverages on the shelf at a store.
- His clients have no objection to allowing minors to accompany their parents into package liquor stores.

Jim Killen

Mr. Killen indicated that for part of his presentation he would be representing Dr. Sigurd Zielke, who is an adolescent clinical specialist at Fairbanks Hospital. Mr. Killen read Mr. Kielke's testimony and submitted it in writing to the Committee (Exhibit 5). Mr. Killen also submitted "Underage Drinking in Indiana: The Facts" (Exhibit 6). Mr. Zielke's testimony made the following points:

- Alcohol should be displayed in a separate area that prohibits the presence of a minor unless a guardian or parent is present. Research shows that seeing alcohol sets off brain-based cravings for alcohol. Youths who binge drink hard liquor report that they acquired it by stealing it.
- The legislature must consider the economic costs related to youth alcohol abuse.

Mr. Killen, speaking on his own behalf, said that the issue of separate display is not a marketplace issue, it's a health issue. Mr. Killen said that the state public health officials and the people who possess the science-based information should be the people testifying for the Committee.

Randy Zion, representing his package liquor stores

Mr. Zion explained the history of the issue of separate sales displays. Mr. Zion discussed how at one time hard liquor was located behind the sales counters and was later moved to segregated areas. Mr. Zion said that the sale of hard liquor by grocery stores is a fairly recent development.

Sen. Altig adjourned the meeting at 3:12 p.m.