

# HOUSE BILL REPORT

## HB 2352

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### As Reported By House Committee On:

Commerce & Labor

**Title:** An act relating to the financial responsibility of certain persons who serve liquor.

**Brief Description:** Requiring financial responsibility of certain persons who serve liquor.

**Sponsors:** Representatives Sullivan, Conway and Kessler.

### Brief History:

#### Committee Activity:

Commerce & Labor: 1/19/00, 2/2/00 [DPS].

#### Brief Summary of Substitute Bill

- Requiring certain establishments that serve liquor to have liability insurance or a bond.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; Wood, Democratic Vice Chair; Hurst and McIntire.

**Minority Report:** Do not pass. Signed by 3 members: Representatives B. Chandler, Republican Vice Chair; Lisk and McMorris.

**Staff:** Pam Madson (786-7166).

### Background:

Various servers and manufacturers of liquor are required by law to obtain a license before they may serve or sell liquor. Some of these businesses are summarized below.

Beer and/or wine restaurants: Retail sale of beer or wine for consumption on the premises.

Beer and/or wine specialty shops: Retail sale of beer and wine in bottles, cans, or original containers.

Liquor by the drink, spirits, beer and wine restaurants: Retail sale of individuals glasses for on-premises consumption.

Private clubs: On-premises consumption of beer and wine at a private club.

Public houses: On-site manufacturer of beer and retail sale of beer and wine for consumption on the premises.

Snack bars: Retail sale of beer for on site consumption where the sale of beer is not the principal business.

Taverns: Retail sale of beer and wine for consumption on the premises.

Sports/entertainment facilities: Retail sale of beer, wine, and spirits at arenas, coliseums, stadiums, etc.

Micro breweries: Micro breweries distributing or retailing beer of their own production for on-site consumption.

Domestic Breweries: Domestic manufacturers who may distribute and retail beer of their own production.

Domestic wineries: Domestic wineries who may distribute and retail wine of their own production.

As with other businesses that interact with the public, these establishments are exposed to legal liability for acts that happen on their premises. Establishments may be liable for assaults and accidents occurring at their business, as well as, nuisances created by their patrons. In addition, establishments serving alcohol may be liable for furnishing liquor to obviously intoxicated individuals and minors.

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### **Summary of Substitute Bill:**

Holders of the following liquor licenses must have at least \$300,000 in liability insurance coverage or a bond of at least \$300,000;

- beer and/or wine license;
- private club beer and wine license;
- public house license;
- snack bar license;
- spirits, beer and wine license;
- spirits, beer and wine private club license;
- tavern license;
- sports/entertainment facility license; and
- micro brewery, domestic winery, and domestic brewery licenses if consumption is allowed on the premises.

**Substitute Bill Compared to Original Bill:** The substitute bill specifies, by reference to current law, those licensees that must obtain liquor liability insurance and reduces the minimum amount required from \$300,000 to \$200,000. Licensees must show proof of insurance when they apply or renew a license and failure to do so is grounds for denial. Failure to show proof of insurance when requested by the board may result in a suspension of a license until proof is shown.

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**Appropriation:** None.

**Fiscal Note:** Requested on January 25, 2000.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Alcohol is an inherently dangerous substance and those who sell it must be mindful that the public is at risk when their patrons over consume liquor. Last year's bill took the approach of applying the requirement for insurance to the bad actors who repeatedly violated liquor laws by giving the Liquor Control Board discretion to require licensees to obtain insurance. Under this bill, every licensee must have liability insurance. Many businesses already have liability insurance in an amount much greater than required under the bill. The tolerance level in society for drunk driving has decreased and the safety of the public has increased as a result. This bill is the next logical step. We must require some level of responsibility for those serving alcohol to the public. Insurers monitor the responsibility of those they insure to encourage trends toward more responsible use of alcohol. Less well funded establishments are those that may cut costs and not have insurance. Oregon has a similar law and the history is that insurance cost dropped in recent years because incidents are down. There is concern over inclusion under this bill of licensees that do not serve the public. These licensees have supported a number of efforts to improve the responsibility of those selling and purchasing alcohol. There is also concern over the extent to which this requirement must be monitored by the board.

**Testimony Against:** This insurance was very expensive. Ninety percent of the operators are responsible businesses. The 10 percent that aren't responsible make it very expensive for the rest. By requiring insurance, as losses increase, the cost of insurance goes up.

**Testified:** Representative Sullivan, prime sponsor; Bonnie Rawls; and Larry Shannon, Washington State Trial Lawyers Association.

(With amendments) Dick Ducharme, Beer and Wine Wholesalers Association.

(Neutral) Rick Garza, and Ike Ikerd, Washington State Liquor Control Board.

(Opposed) Lois Mason, Washington State Licensed Beverage Association.