

SENATE BILL REPORT

SB 5859

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 27, 2007
Ways & Means, March 5, 2007

Title: An act relating to retail liquor licenses.

Brief Description: Creating a spirits, beer, and wine nightlife liquor license and removing spirits, beer, and wine restaurant license limit.

Sponsors: Senators Kohl-Welles, Prentice, Clements and Murray; by request of Liquor Control Board.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 2/13/07, 2/27/07 [DPS-WM].

Ways & Means: 3/05/07 [DP2S, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5859 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Ranking Minority Member; Franklin, Hewitt, Holmquist, Murray and Prentice.

Staff: Jennifer Strus (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5859 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Keiser, Kohl-Welles, Parlette, Rockefeller, Schoesler and Tom.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: Dean Carlson (786-7305)

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.

Background: The Liquor Control Board (LCB) currently issues a number of different licenses for premises that serve spirits, beer and wine. It does not currently issue liquor licenses for nightclubs.

Summary of Bill: A spirits, beer and wine nightlife liquor license is established. The license allows the holder to make retail sales of liquor by the drink, beer and wine for consumption on the premises. The nightlife license can be issued only to persons whose business includes the sale and service of alcohol to its customers and has food sales incidental to the sale of alcohol. The business must also have its primary hours between 9 PM and 2 AM and have more people on the premises than there are seats. Minors are allowed on the premises but not in areas where alcohol is served.

The annual fee for this license is \$2,000. The LCB can refuse to grant a nightlife license if it determines that the number of nightlife licenses already granted for the locality are sufficient for the reasonable needs of the community.

Other sections of the statutes dealing with spirits, beer and wine restaurant, spirits, beer and wine private club and sports entertainment facility licenses are amended to include the nightlife license.

The section of the statute setting the statewide number of spirits, beer and wine restaurant licenses that cannot be exceeded is deleted.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Labor, Commerce, Research & Development): Language is added requiring the LCB to establish a pilot project that concentrates liquor education and enforcement efforts on spirits, beer, and wine restaurant licensees located in an area of the state with a high density of these licenses. Purpose of the pilot is to assess enforcement and education strategies to identify factors leading to liquor and public safety violations, test approaches to better assist licensees in lowering public safety risks and gain a better understanding of unique issues facing them. By July 1, 2008, LCB is to evaluate the results, report the results to the Legislature, and implement successful strategies.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): All provisions relating to the creation of a spirits, beer, and wine nightlife liquor license are removed. The total number of spirits, beer, and wine restaurant licenses allowed in the state is increased from one for each 1,450 people in the state to one for every 1,300 people in the state.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: There is an emergency clause and the bill takes effect on July 1, 2008.

Staff Summary of Public Testimony (Labor, Commerce, Research & Development):

PRO: The LCB has been working on this issue for several years. Most of the nightclub establishments currently have a spirits, beer and wine restaurant license and this license does not provide the locality in which the club is located with sufficient information as to what kind

of business the club will operate. The elimination of the cap for the number of statewide spirits, beer and wine restaurant licenses is needed because the cap is almost reached and it is unfair to deny such a license in one area of the state because there is no room under the cap. The LCB is asking for an amendment for a pilot in an area with a high density of nightclubs. In this pilot, a four person liquor enforcement team would partner with local law enforcement and focus on those businesses with a spirits, beer and wine restaurant license that have a nightlife component to their business. This pilot will be focused in King County. The increase in costs generated by this bill will come out of the liquor revolving account which has sufficient funds to cover the costs. There is support for increased enforcement resources for the LCB. Venues should not be restricted to children as long as they are not in the areas where alcohol is served.

OTHER: There is concern that with the elimination of the cap on the number of spirits, beer and wine restaurant licenses that the LCB can issue that there will be no safeguards in place to ensure that localities do not have more of these premises than they want. The focus of the bill is a bit broad especially the language defining the premises as one that has a larger load capacity than seating. This definition could pull in premises that are not nightclubs but have large foyers as part of their premises. Local governments have broad authority to control and regulate nightlife premises and are in a better position to address this issue than creating a whole new liquor license.

Persons Testifying (Labor, Commerce, Research & Development): PRO: Rick Garza, LCB; Pete Hanning, Red Door; Jerry Everard, Seattle Nightlife and Music Association.

OTHER: Michael Transue, Washington Restaurant Association; Rose Feliciano, City of Seattle.

Staff Summary of Public Testimony (Ways & Means): None.

Persons Testifying (Ways & Means): No one.