

SENATE BILL REPORT

SSB 5156

As Amended by House, April 11, 2011

Title: An act relating to airport lounges under the alcohol beverage control act.

Brief Description: Concerning airport lounges under the alcohol beverage control act.

Sponsors: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Kohl-Welles, King, Keiser, Delvin and Conway).

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/27/11, 2/01/11, 2/03/11 [DPS, DNP].

Passed Senate: 3/03/11, 41-4.

Passed House: 4/11/11, 91-5.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: That Substitute Senate Bill No. 5156 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

Minority Report: Do not pass.

Signed by Senator Holmquist Newbry, Ranking Minority Member.

Staff: Edith Rice (786-7444)

Background: Current law permits retail licensed premises which sell liquor by the drink (licensed spirits, beer and wine restaurants, private clubs, hotels, nightclubs and sport entertainment facilities) to purchase liquor from the Liquor Control Board at a discount from the set retail price. They are required to have servers with a valid class 12 or class 13 permit. License fees and penalties from retail licensed premises are disbursed according to state law by the Liquor Control Board.

Summary of Substitute Bill: A new license is created to allow VIP airport lounge operators to sell or provide spirits, wine, and beer for on-premises consumption as retail licensed premises. A VIP airport lounge is an establishment in an international airport, beyond security checkpoints. An operator can be an airline, port district or other entity that is accountable for legal compliance with state laws relating to alcohol, holds the applicable

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license, and is the contact for licensing and enforcement. Access to a VIP airport lounge is controlled by the operator and generally limited to: ticketed airline passengers of any age; qualified members or guests of loyalty incentive programs; members or guests of enhanced amenities programs; passengers or airline employees issued a pass by the airline for access; and airport, airline employees, government officials and attendees of airport authority or airlines for business promotion with controlled access by the VIP airport lounge operator.

The license allows the operator to purchase spirits from the board, and beer and wine at retail outlets or from the manufacturer or distributor. The VIP airport lounge operator may only serve liquor from a service bar. A service bar is a work station primarily used to prepare and sell alcoholic beverages that are picked up by customers. Customers are not permitted to sit and consume food or alcohol at a service bar. Servers must have a valid permit. The annual licensing fee for a VIP Airport Lounge is \$2,000.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: These facilities have had restaurant licenses in the past and this isn't the best fit. There should also be a fee added in the bill language.

Persons Testifying: PRO: Michael Transue, British Airways; Linda Hull, Clair Gallagher, Port of Seattle.

House Amendment(s): Adds the VIP airport lounge operator license to the list of retailer licenses in which an industry member – manufacturer, distributor, and importer – may own an interest under a tied house law.