

HOUSE BILL REPORT

SHB 1902

As Amended by the Senate

Title: An act relating to tavern licenses.

Brief Description: Modifying tavern license provisions.

Sponsors: House Committee on Commerce & Gaming (originally sponsored by Representatives Kirby, Vick and Doglio).

Brief History:

Committee Activity:

Commerce & Gaming: 2/7/17, 2/9/17 [DPS].

Floor Activity:

Passed House: 3/7/17, 95-2.

Senate Amended.

Passed Senate: 4/10/17, 38-10.

Brief Summary of Substitute Bill

- Authorizes the Liquor and Cannabis Board to issue a caterer's endorsement (endorsement) to a tavern licensee (licensee) allowing the licensee to sell and serve liquors taken from its own stocks at specified events at locations other than from the licensed premises of the tavern, subject to specified conditions.
- Authorizes a licensee with the endorsement to store liquor on the unlicensed premises of another party with whom it has an agreement to provide ongoing catering services.
- Authorizes a licensee with the endorsement to store liquor on one or more off-site locations provided such locations are owned or controlled by the licensee under a lease.
- Authorizes a licensee with the endorsement to cater events at a domestic winery.
- Authorizes a licensee, or its manager, to furnish beer or wine to the licensee's employees free of charge for use in connection with instruction on beer and wine.

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HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby, Ryu and Young.

Staff: Thamas Osborn (786-7129).

Background:

Tavern Licensees.

The Liquor and Cannabis Board (LCB) is authorized to issue a tavern license that allows the licensee to sell beer and wine at retail for consumption on the premises. Tavern customers must be 21 years of age or older. The annual fee schedule for a tavern is as follows: (1) \$200 for the beer license; and (2) \$200 for the wine license.

Definition of "Society or Organization".

Under the liquor licensing statutes, the term "society or organization" means a nonprofit group organized and operated: (1) solely for charitable, religious, social, political, educational, civic, fraternal, athletic, or benevolent purposes; or (2) a local wine industry association registered under specific provisions of the federal Internal Revenue Code.

Summary of Substitute Bill:

Caterer's Endorsement: General Provisions.

The LCB is authorized to issue a caterer's endorsement (endorsement) to a tavern licensee (licensee) allowing the licensee to sell and serve liquors taken from its own stocks at specified locations other than the licensed premises of the tavern. Except for specified events held on the premises of a domestic winery, the events must take place at a location not otherwise licensed for the sale or service of liquor. The fee for the endorsement is \$350.

A licensee with the endorsement is subject to the following provisions and requirements with respect to providing service at catered events:

- If the event is open to the public, it must be sponsored by a "society or organization" as defined in the LCB regulatory statutes.
- If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be the specific type of "society or organization" defined in statute is waived.
- Upon request by the LCB, the licensee must notify the board of the date, time, place, and location of any catered event, as well as information about the society or organization sponsoring the event.
- Persons serving liquor at a catered event must be employees of the licensee and must possess a class 12 alcohol server permit.

Catering at Domestic Winery Events.

The catering of an event at a domestic winery is subject to the following conditions and requirements:

- Agreements between the domestic winery and the licensee must be in writing, contain no exclusivity clauses regarding the alcoholic beverages to be served, and be filed with the board.
- The domestic winery and the retail licensee may be separately contracted and compensated by the persons sponsoring the event for their respective services.

Liquor Storage Provisions.

A licensee with the endorsement may store liquor on the premises of another party or entity not holding a liquor license, but subject to the following provisions and requirements:

- There must be a written agreement between the licensee and the other party to provide for ongoing catering services.
- The agreement must contain no exclusivity clauses regarding the alcoholic beverages to be served.
- The agreement between the parties must be filed with the LCB.

A licensee with the endorsement may store liquor on one or more other premises operated by the licensee so long as the other premises are owned or controlled under a leasehold interest by that licensee. A duplicate license may be issued for each additional location. A license fee of \$20 is required for such duplicate licenses.

The LCB may establish rules establishing conditions for these off-premises liquor storage provisions.

Furnishing of Beer or Wine to Tavern Employees.

A licensee, or its manager, may furnish beer or wine to the licensee's employees free of charge for use in connection with instruction on beer and wine. The instruction may include the history, nature, values, and characteristics of beer or wine, the use of wine lists, and the methods of presenting, serving, storing, and handling beer or wine.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

- creates a theater liquor license endorsement allowing the holder of a tavern license to sell spirits, beer, and wine for on premises consumption in a theater, provided specified food service requirements are met; and
- creates a second type of theater liquor license endorsement allowing the holder of a tavern license to sell beer and wine for on premises consumption in a theater.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) If passed, this bill would allow taverns to provide catering services off the licensed premises. Times have changed, and there are many events that are in need of caterers who can simply serve alcohol. This bill would allow taverns to provide service at events that have beer gardens and similar activities. The provisions of the bill give taverns the same catering ability that is currently held by restaurants. This bill would be of great benefit to taverns insofar as it would provide new commercial opportunities. The bill is especially helpful to taverns that specialize in craft beers, because it would allow the public to gain exposure to the numerous craft beers produced in this state. There are no provisions in the bill that would increase the use of alcohol by the public. Catering staff should receive training regarding the service of alcohol so as to ensure public safety.

(Opposed) None.

(Other) The bill needs explicit provisions requiring that catering staff have the proper training and licensing regarding the serving of alcohol. Also, tavern patrons must be at least 21 years of age, whereas a catered event could have underage persons present. This could be an enforcement issue.

Persons Testifying: (In support) Representative Kirby, prime sponsor; and Brad Tower, Thomas Russell-Tutty, and Matthew Smith, Northwest Beerwerks.

(Other) James Paribello, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: None.