

HOUSE BILL REPORT

SSB 5161

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to theater licenses.

Brief Description: Modifying theater license provisions.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators Keiser, Wilson and Takko).

Brief History:

Committee Activity:

Commerce & Gaming: 3/13/17, 3/28/17 [DPA].

**Brief Summary of Substitute Bill
(As Amended by Committee)**

- Revises the criteria for the issuance of a spirits, beer, and wine theater license by eliminating two requirements: (1) that the theater have no more than 120 seats per screen; and (2) that the theater have tabletop accommodations for in-theater dining.
- Eliminates the requirement that a beer and wine theater license may only be issued to a theater with a maximum of four screens.
- Eliminates the annual \$2,000 flat fee for a spirits, beer, and wine license and replaces it with a minimum licensing fee of \$1,000, or \$4 per theater seat, whichever amount is greater.
- Eliminates the annual \$400 flat fee for a beer and wine theater license and replaces it with a minimum licensing fee of \$400, or \$2 per theater seat, whichever amount is greater.
- Allows a spirits, beer, and wine theater licensee to serve liquor in no more than one-third of the screening rooms in theaters with three or more screens having more than 120 seats per screen.

HOUSE COMMITTEE ON COMMERCE & GAMING

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.

Majority Report: Do pass as amended. Signed by 8 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Blake, Kirby, Ryu and Young.

Minority Report: Do not pass. Signed by 3 members: Representatives Barkis, Farrell and Jenkin.

Staff: Thamas Osborn (786-7129).

Background:

Spirits, Beer, and Wine Theater License.

A theater meeting specified criteria is authorized to obtain a license allowing the theater to sell spirits, beer, and wine at retail for on-premise consumption. "Theater" means a place of business where motion pictures or other primarily non-participatory entertainment are shown.

To be eligible for a spirits, beer, and wine theater license, the theater must not have more than 120 seats per screen, must prepare, cook and serve complete meals, and provide tabletop accommodations for in-theater dining. The requirements for complete meals are the same as the requirements that apply to spirits, beer, and wine restaurants. The annual fee for the license is \$2,000.

If minors are allowed in the theater, the theater must submit an alcohol control plan to the Liquor and Cannabis Board (LCB) for approval. The alcohol control plan is a written, dated, and signed plan showing where and when alcohol is permitted, where and when minors are permitted, and the control measures used to ensure minors are not exposed to environments where drinking alcohol predominates. The LCB must adopt rules regarding alcohol control plans. Any person serving alcohol must have completed a mandatory alcohol server training program.

Beer and Wine Theater License.

There is a theater license to sell beer, including strong beer, or wine, or both, at retail, for consumption on theater premises. The annual fee for the license is \$400. "Theater" means a place of business where motion pictures or other primarily nonparticipatory entertainment are shown. Eligibility for a beer and wine theater license requires that the theater have no more than four screens.

If the theater is to be frequented by minors, an alcohol control plan must be submitted to the LCB at the time of application. The provisions that must be included in an alcohol control plan for a beer and wine theater license are the same as those required for a theater with a spirits, beer, and wine theater license.

Summary of Amended Bill:

Spirits, Beer, and Wine Theater License.

The criteria that a theater must meet to be eligible for a spirits, beer, and wine theater license are revised by eliminating two requirements: (1) that the theater have no more than 120 seats per screen; and (2) that the theater have tabletop accommodations for in-theater dining.

The annual \$2,000 flat fee for a spirits, beer, and wine license is eliminated and replaced it with a minimum licensing fee of \$1,000, or \$4 per theater seat, whichever amount is greater.

A spirits, beer, and wine theater licensee is allowed to serve liquor in no more than one-third of the screening rooms in theaters with three or more screens having more than 120 seats per screen.

The liquor service area in a spirits, beer, and wine licensed theater cannot be accessible to a customer until after the customer has entered the lobby or other interior area within the theater and had his or her ticket collected by a theater employee.

The liquor service area in a spirits, beer, and wine licensed theater must be physically separated from the concession counter.

Beer and Wine Theater License.

The requirement that a theater with a beer and wine theater license have no more than four screens is eliminated.

The annual \$400 flat fee for a spirits, beer, and wine license is eliminated and replaced it with a minimum licensing fee of \$400, or \$4 per theater seat, whichever amount is greater.

Amended Bill Compared to Substitute Bill:

The amended bill makes the following changes to the substitute bill:

- eliminates the annual \$2,000 flat fee for a spirits, beer, and wine license and replaces it with a minimum licensing fee of \$1,000, or \$4 per theater seat, whichever amount is greater;
- eliminates the annual \$400 flat fee for a beer and wine theater license and replaces it with a minimum licensing fee of \$400, or \$2 per theater seat, whichever amount is greater;
- allows a spirits, beer, and wine theater licensee to serve liquor in no more than one-third of the screening rooms in theaters with three or more screens having more than 120 seats per screen;
- requires that the liquor service area in a spirits, beer, and wine licensed theater be accessible to a customer only after the customer has entered the lobby or other interior area within the theater and had his or her ticket collected by a theater employee; and
- requires that the liquor service area in a spirits, beer, and wine licensed theater be physically separated from the concession counter.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 29, 2017.

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

Staff Summary of Public Testimony:

(In support) Movie theaters, both large and small, are struggling to compete with entertainment obtained via television and the Internet. Liberalizing the rules governing the service of liquor in movie theaters would enable them to better compete with other electronic media, insofar as experience has shown that the availability of liquor is very appealing to moviegoers. Current law restricts sales of spirits, beer, and wine to only those theaters with a maximum of 120 seats, which is an extreme restriction that makes very few theaters eligible for the license. This bill eliminates the 120 seat limit and would allow any theater that otherwise meets statutory requirements to serve spirits, beer, and wine. Expanding the ability of theaters to serve liquor would level the playing field and would be of great benefit to the movie theater industry. Liquor service limitations present a problem even for small theaters, since many would like to add seating and/or additional screens. The large multiplex theaters would benefit the most from eliminating the 120 seat limit, since they are presently having the greatest economic difficulties. Many are going bankrupt, and remodeling large multiplexes to meet the 120 seat limit is not a viable economic option for most large theaters. However, some theaters are undergoing remodels to add reclining seats and are serving liquor. Such changes tend to bring back adult viewers and these theaters are experiencing greatly increased attendance. The bill primarily benefits the large multiplex theaters and would enable many of them to survive the current competition. Charging additional licensing fees for each screen in a multi-screen theater would help small single screen theaters remain competitive.

(Opposed) None.

Persons Testifying: Senator Keiser, prime sponsor; Raymond Hallett, Hallet Cinemas; Bryan Cook, Sun Basin Theatres; Kim May, Galaxy Theatres; and Frank Lewis, AMC Theatres.

Persons Signed In To Testify But Not Testifying: None.