

SENATE BILL REPORT

SHB 1902

As Passed Senate - Amended, April 10, 2017

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: Passed House: 3/07/17, 95-2.

Committee Activity: Commerce, Labor & Sports: 3/23/17, 3/23/17 [DP].

Floor Activity:

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

Brief Summary of Bill (As Amended by Senate)

- Authorizes the Liquor and Cannabis Board (LCB) to issue a caterer's endorsement to a tavern 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.
- Creates two additional endorsements to allow holders of tavern licenses located in theaters to serve spirits, beer, and wine, or beer and wine at a theater meeting specified criteria.

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.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass.

Signed by Senators Baumgartner, Chair; Keiser, Ranking Minority Member; Conway, Hasegawa, King, Rossi, Saldaña and Wilson.

Staff: Richard Rodger (786-7461)

Background: Tavern Licensees. The 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 terms society or organization refers to 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.

Movie Theater Liquor Licenses. Certain theaters are authorized to obtain a license allowing the theater to sell spirits, beer, and wine at retail for on-premise consumption. To be eligible for a spirits, beer, and wine theater license, the theater must: (1) have no more than 120 seats per screen; (2) prepare, cook, and serve complete meals; and (3) provide tabletop accommodations for in-theater dining.

Certain theaters are authorized to obtain a license allowing the theater to sell beer, strong beer, and wine at retail for on-premise consumption. To be eligible for this theater license, the theater may not have more than four movie screens.

If minors are allowed in the theater, the theater must submit an alcohol control plan to LCB for approval. Any person serving alcohol must have completed a mandatory alcohol server training program. The maximum fines and suspensions for violations involving minors or failure to follow an alcohol control plan are doubled for theaters.

Summary of Amended 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; and
- 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; and
- 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 is 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; and
- 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.

Tavern Licenses at Theaters. The LCB is authorized to issue an endorsement to a tavern licensee at a theater allowing the licensee who meets specified food and service requirements to sell spirits, beer, including strong beer, or wine at retail for consumption on the theater premises. The theater is not limited to 120 seats per screen and is not required to provide tabletop service. The fee for the endorsement is \$2,000.

The LCB is also authorized to issue an endorsement to a tavern licensee at a theater allowing the licensee who meets specified requirements to sell beer, including strong beer, or wine at retail for consumption on the theater premises. The theater meeting the requirements may have more than four movie screens. The fee for this endorsement is \$400.

Minors are allow on the theater premises under either endorsement if the theater has an LCB-approved alcohol control plan. Under these endorsements, the maximum penalties for fines

and suspension are doubled for violations involving minors or for the failure to follow the alcohol control plan.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The bill allows taverns to obtain a caterer's endorsement under the same provisions as currently authorized for restaurants. This will allow taverns to expand their markets and increase their revenues. The use of licensed caterers will increase public safety as the servers are trained in the service of alcohol, monitor the levels of consumption, and check for proper identification. We do not want to serve food, but just serve our craft beers. The bill give our organization another option for providing catering services at our private events.

Persons Testifying: PRO: Lisa Russell-Tutty, Northwest Beerwerks; Brad Tower, Northwest Beerworks; Scott Roberts, Freedom Foundation.

Persons Signed In To Testify But Not Testifying: No one.