

SENATE BILL REPORT

SB 5688

As Reported by Senate Committee On:
Commerce, Labor & Sports, February 16, 2017

Title: An act relating to the temporary sale of liquor at special events.

Brief Description: Concerning the temporary sale of liquor at special events.

Sponsors: Senators Rivers, Keiser and Honeyford.

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/13/17, 2/16/17 [DP-WM, DNP, w/oRec].

Brief Summary of Bill

- Creates a special event promoter liquor license to sell liquor for off- and on-premises consumption at a designated special event.
- Creates special event vendor licenses for breweries, microbreweries, distilleries, craft distilleries, and domestic wineries to sell their own products at designated special events.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi and Wilson.

Minority Report: Do not pass.
Signed by Senators Conway, Hasegawa and Saldaña.

Minority Report: That it be referred without recommendation.
Signed by Senator Keiser, Ranking Minority Member.

Staff: Jarrett Sacks (786-7448)

Background: The Liquor Cannabis Board (LCB) issues a variety of retail licenses for the sale of liquor for both off- and on-premises consumption. Examples of retail licenses include:

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- grocery store licenses;
- beer and/or wine specialty shop licenses;
- restaurant and tavern licenses; and
- spirits retailer licenses.

In certain circumstances, LCB may impose conditions or restrictions on a license, or include special endorsements.

There are several types of licenses and permits issued by LCB that allow for the consumption of alcohol at special events, including special occasion licenses, special event permits, and banquet permits.

Special Occasion License. A not-for profit organization may obtain a special occasion liquor license to sell spirits, beer and wine by the individual glass to be consumed on-premises. This license permits the licensee to serve liquor at a specified event, on a specified date and place. The fee for this license is \$60 per day and the organization is limited to sales on no more than 12 days per year. The sale, service, and consumption of alcohol is limited to a designated area only. With LCB permission, a licensee may serve spirits, beer, or wine in original, unopened containers for off-premises consumption.

Special Event Permits. The LCB issues a variety of special permits for the service and sale of liquor. An example of a special permit is to allow a bed and breakfast facility to serve beer and wine without charge to overnight guests for on-premises consumption. Unless a fee is specified in statute, the fees for permits are generally established by the LCB.

Banquet Permit. The LCB may issue a special permit to consume liquor at events such as banquets. The permit allows for the service and consumption of alcohol at private, invitation-only gatherings held in a public place or business. The LCB does not issue banquet permits to retail licensees.

Summary of Bill: Special Event Promoter's License. A promoter special event license (Promoter's License) is created to sell spirits, beer, wine, and cider by the individual serving for on-premises consumption at a special event.

Holders of a Promoter's License may also:

- sell wine, malt beverages, and cider in factory-sealed containers for off-premises consumption; and
- sell wine or beer growlers for off-premises consumption.

Applicants for a Promoter's license must submit a management plan to the LCB detailing, at a minimum, how minors will be prevented from accessing alcohol. Every person who serves alcohol at a special event must have a Class 12 alcohol servers permit.

The cost of a Promoter's License is \$150. All alcohol sold at the special event must be provided by a holder of a special event vendor license.

Special Event Vendor's License. Several temporary special event vendor's licenses (Vendor's Licenses) are created for distilleries, craft distilleries, breweries, microbreweries, and

domestic wineries. At a special event licensed under the Promoter's License, a holder of a Vendor's License may:

- sell alcohol of its own production by the individual serving for on-premises consumption;
- sell alcohol of its own production in sealed containers for off-premises consumption; and
- sell growlers of beer, wine, or cider of its own production for off-premises consumption.

A Vendor's License may not be issued for more than five days. Every person who participates in any manner in the service of alcohol must have a Class 12 alcohol servers permit. Applicants for the Vendor's License must demonstrate adequate liquor liability insurance. The cost of a Vendor's License is \$15 per day.

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 gives the opportunity for small producers to have a marketplace for their products. The model works well in Oregon and promoters want the opportunity to have festivals in Washington.

OTHER: Many in the industry want a way to have festivals because it is a good way to market products, but there are some flaws in the structure of the bill. The bill excludes distributors. The overlapping licensing in the bill would make enforcement difficult. Many stakeholders have committed to working over interim to create a licensing structure for festivals. The bill may have unintended impacts on the current special occasion licenses and permits. It is unclear how liability plays out under the bill. The bill could unintentionally favor larger breweries.

Persons Testifying: PRO: Senator Ann Rivers, Prime Sponsor.

OTHER: Scott Hazlegrove, WA Beer & Wine Distributors Association; Josh McDonald, WA Wine Institute; Annie McGrath, WA Brewers Guild; Justin Nordhorn, WSLCB.

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