

HOUSE BILL REPORT

HB 1676

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to business activities that may be considered as factors in the liquor licensing process.

Brief Description: Concerning business activities in the liquor licensing process.

Sponsors: Representative MacEwen.

Brief History:

Committee Activity:

Commerce & Gaming: 2/5/19, 2/18/19 [DP].

Brief Summary of Bill

- Prohibits arts and crafts activities conducted at a liquor-licensed establishment or applicant's establishment from being considered a gaming activity in the liquor licensing process.
- Prohibits decisions relating to liquor licenses from including as a factor, consideration, or other basis in making the licensing decision, the fact that an applicant's business activities at the premises includes offering, conducting, or making available arts and crafts activities to or for customers.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 11 members: Representatives Stanford, Chair; Reeves, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Kloba, Morgan, Vick and Young.

Staff: Peter Clodfelter (786-7127).

Background:

The Liquor and Cannabis Board (LCB) issues various liquor licenses to qualified applicants wishing to engage in the manufacture, distribution, or retail sale of liquor in Washington. When considering applications for liquor licenses and renewals of liquor licenses, the LCB

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may inspect the premises proposed to be licensed and may inquire into all matters in connection with the construction and operation of the premises. The LCB may consider any prior criminal conduct of the applicant, including an administrative violation history record with the LCB and a criminal history record information check. There is also a process to notify the appropriate local government of the liquor license application, as well as to notify nearby churches, schools, and public institutions.

For certain types of liquor licenses, the business activities of the licensee or applicant or the uses of the premises licensed or proposed to be licensed may impact the liquor licensing process or the applicant's license requirements. For example, licensed spirits, beer, and wine restaurants are subject to a graduated fee schedule according to the dedicated dining area and type of service provided. When a restaurant applicant or licensee's premises includes less than 50 percent dedicated dining area, the license fee is \$2,000. When there is 50 percent or more dedicated dining area, the fee is \$1,600, and for a service bar the fee is \$1,000.

Pursuant to requirements established in rules, to qualify as a dedicated dining area, the area must be a distinct portion inside of a restaurant that is used primarily for the sale, service, and consumption of food, and the area must have accommodations for eating. Areas dedicated to live music or entertainment, such as dance floors or stages are not considered dedicated dining areas. Dedicated dining areas may not contain liquor bars or areas dedicated to games or gaming devices.

For areas outside of dedicated dining areas that are classified as off-limits to minors, as well as for game rooms, permanently affixed barriers must be placed around the areas. In rule, "game room" is defined as an area of a business set up for the primary purpose of patrons using games or gaming devices.

When applying for a spirits, beer, and wine restaurant license, rules require an applicant to provide two copies of a detailed drawing of the entire premises. The drawing must be drawn 1 foot to 1/4-inch scale, have all rooms labeled according to their use, such as "dining room," "lounge," "game room," and "kitchen," and have all barriers labeled in a descriptive way, such as "full wall," or "half wall."

Summary of Bill:

For purposes of issuing and renewing liquor licenses, and for determining fees for and making other decisions with respect to liquor licenses, arts and crafts activities may not be considered a gaming activity when conducted on the premises of a business licensed or proposed to be licensed.

No decision on whether to issue or renew a liquor license, or in determining fees for or making any other decision with respect to a liquor license, may include as a factor, consideration, or other basis in making the licensing decision, the fact that an applicant's business activities at the premises, in any area or areas of the premises, includes offering, conducting, or making available arts and crafts activities to or for customers or guests,

regardless of whether a fee is charged to customers or guests related to the arts and crafts activities.

The term "arts and crafts activities" is defined to include, but not be limited to, painting, pottery, and sign making.

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) The Liquor and Cannabis Board (LCB) applies a loose interpretation of what is considered a gaming activity in liquor-licensed businesses like restaurants, to include arts and crafts. Licensees are advised to wall off these areas. This is difficult and prohibitive for businesses, especially those in historical buildings with floor space requirements and limitations. Arts and crafts activities could include an art instructor helping customers paint pictures, and are not related to gambling. There are businesses that maintain a balance of a family-friendly environment, including art-related activities, book clubs, and community events, with alcohol service. These businesses provide a community benefit, and there is demand from customers for the business model. There are few opportunities for art available in schools, so new creative art opportunities should not be restricted. A business with this model, with art at every table, was denied a liquor license after a lengthy process. Restaurants are required to have a dedicated dining area with food service. The dedicated dining area is a distinct, physically walled-off area of a restaurant, which may not include any gaming activities. When people think of a gaming activity, it typically involves a contest of chance. Painting and pottery should not count as gaming activities. The bill defines gaming activities to not include arts and crafts activities. It will allow similar new businesses to offer fun activities to customers without requiring a separate, physically walled-off area, and will provide positive impacts in communities.

(Opposed) None.

(Other) It can be hard to understand the impact of bills of this nature, but this is more of a technical cleanup, and the expanded access to alcohol would be relatively minor, so stakeholders are not opposing the bill.

Persons Testifying: (In support) Representative MacEwen, prime sponsor; Monica Beben, Craft Pie & Art Bar; and Zachary Lindahl, Washington Hospitality Association.

(Other) Seth Dawson, Washington Association for Substance Abuse Prevention.

Persons Signed In To Testify But Not Testifying: None.