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**Commerce & Gaming Committee**

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**HB 2235**

**Brief Description:** Concerning the sale of liquor at sports entertainment facilities.

**Sponsors:** Representatives Tarleton and Wylie.

**Brief Summary of Bill**

- Modifies the sports entertainment facility liquor license, including authorizing practice facilities of professional sports teams to qualify for the license, and providing for additional types of permitted alcoholic beverages to be sold at facilities.
- Creates a select alternating license to enable a distillery, craft distillery, winery, or combination of these licensees to operate an off-site tasting room on the premises of a sports entertainment facility licensee.
- Establishes requirements for how the concessionaire of the sports entertainment facility and the distillery, craft distillery, winery, or combination of these licensees will alternate operation of the off-site tasting room depending on the times when ticketed events are taking place.
- Authorizes sales of spirits and certain wine for on-premises and off-premises consumption from the off-site tasting room of a distillery, subject to requirements.

**Hearing Date:** 1/14/20

**Staff:** Peter Clodfelter (786-7127).

**Background:**

Sports Entertainment Facility Liquor License.

The sports entertainment facility liquor license, issued by the Liquor and Cannabis Board (LCB), authorizes the retail sale of beer, wine, and spirits, for on-premises consumption. The license is issued to the entity providing food and beverage service at the sports entertainment facility. Eligible facilities include publicly or privately owned arenas, coliseums, stadiums, or facilities

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where sporting events are presented for an admission price. A facility does not have to be exclusively used for sporting events. The license fee is \$2,500 per year.

The LCB may establish food requirements and may restrict the type of events at a facility at which beer, wine, and spirits may be served. When doing so, the LCB must consider seating accommodations, eating facilities, circulation patterns, and other available amenities. Available license endorsements include a caterer's endorsement and an endorsement to sell private label wine vinted and bottled in Washington, and carrying a label exclusive to the licensee.

#### Distilleries and Craft Distilleries.

A distillery license and a craft distillery license are issued by the LCB. For distillers, the license fee is \$2,000 per year. A craft distillery license, which is \$100 per year, is available for distillers producing 150,000 gallons or less of spirits with at least half of the raw materials in the production grown in Washington. There is an additional 17 percent spirits retail license issuance fee applicable to distillery retail sales of bottled spirits to consumers for off-premises consumption, which is paid by distillers but not by craft distilleries.

A distillery or craft distillery may sell spirits of its own production to consumers for consumption off the distillery premises, to spirits distributors and spirits retailers, and subject to limits, may sell or provide customers with free 0.5 ounce or less samples of spirits, or sell adulterated samples of spirits of their own production, water, and/or ice to consumers on the premises of the distillery. However, a person is limited to sampling no more than a total of 2 ounces of spirits on the distillery premises per day. A farmers' market endorsement is available for distilleries and craft distilleries, and distilleries and craft distilleries may hold and operate a spirits, beer, and wine restaurant license on the distillery property or on contiguous property.

#### Wineries.

The domestic winery license issued by the LCB authorizes the manufacture of wine and includes self-distribution and certain retail sales privileges. For wineries producing less than 250,000 liters per year, the license fee is \$100 per year; for wineries producing 250,000 liters or more per year, the fee is \$400 per year. Wineries may sell their own wine for on and off-premises consumption at their winery premises, and may operate up to four additional off-site tasting rooms where sampling and on-premises and off-premises retail sales of wine of their own production are permitted. Wineries may also obtain a farmers' market endorsement, and may also operate a spirits, beer, wine licensed restaurant on the winery premises or on contiguous property, or a beer/wine retailer license on the winery property.

#### **Summary of Bill:**

##### Sports Entertainment Facility Liquor License.

A practice facility for a professional sports team may also qualify for a sports entertainment facility license when the team otherwise uses a sports entertainment facility for its regular season games. Additionally, authorization is provided for sports entertainment facility licensees to sell, by the individual glass, premixed and prebatched drinks containing spirits. Consumption of these drinks is allowed in all public standing and seated areas of the facility, and in any suites and clubs in which liquor may be served and consumed on the premises.

However, the percent of alcohol by volume of any premixed and prebatched drinks may not exceed the maximum amount of alcohol by volume of the highest alcohol-by-volume beer served at the facility. Licensees may also present the LCB with a written plan for the service of nonpremixed and nonprebatched drinks by the glass containing spirits adulterated with ice, water, juice, or mixers. The LCB may reject or modify a plan after repeated service violations, and may adopt rules regarding repeated incidents of service violations.

#### Select Alternating License Created.

A new retail liquor license is created called a select alternating license. A distillery, craft distillery, winery, or combination of these licensees may be eligible for the license, and lease or sublease a portion of a licensed sports entertainment facility for the operation of an off-site tasting room. The license fee is \$2,500 per year. The tasting room may have exterior entrances for the general public and interior entrances open to the inside of the facility for patrons of the facility to use before, during, and after ticketed event.

During a ticketed event, and up to two hours before and after a ticketed event, the concessionaire operates an off-site tasting room. During this time, all liability for sale and service of liquor is the concessionaire's. All liquor that may be sold and served for on-premise consumption inside the facility by a concessionaire may be available, at the concessionaire's discretion, for service and consumption within the off-site tasting room. Only ticketed patrons of an event are allowed past interior doorways leading into the sports entertainment facility while the concessionaire is using the select alternating license.

While a concessionaire is operating a select alternating license the following requirements apply:

- Liquor purchased in the off-site tasting room for on-premises consumption may be taken into the facility for consumption under the rules of the facility as approved by the LCB.
- Bottles of spirits or wine may be sold for off-premises consumption by a concessionaire on behalf of a distillery, craft distillery, or domestic winery that is a party to the select alternating license, so long as the bottles are held in the tasting room in a secure location and removed from the facility for off-premises consumption at the time the patron leaves the sports entertainment facility.
- A ticketed patron who leaves the facility with a bottle of spirits or wine may not re-enter.
- No free servings or samples of beer, wine, or spirits may be provided to patrons.
- All beer, wine, and spirits sold and served by the concessionaire for on-premises consumption in the off-site tasting room must be purchased by the concessionaire through lawful distribution channels and is subject to all applicable taxes.
- All food, beverages, staffing, and overhead costs associated with sales and service in the off-site tasting room must be borne by the concessionaire, except the concessionaire may access all fixtures, equipment, and nonfood and nonliquor supplies in the area.

When no ticketed event is taking place, and during times outside of the two-hour window before and after a ticketed event, the off-site tasting room covered by the select alternating license must be operated by the distillery, craft distillery, domestic winery, or combination of these licensees, under hours established by the licensee. All privileges of these licensees at their on-site tasting rooms are available to these licensees at their off-site tasting room.

An off-site tasting room jointly operated by two or more licensees must be covered by a written operations and liability plan approved by the LCB. A violation of service laws by one licensee

applies to all licensees covered by the license. In a jointly operated off-site tasting room, costs for workers and overhead resources must be shared equally between licensees.

At the off-site tasting room, a distillery or craft distillery with the select alternating licensee may:

- sell, for off-premises consumption, spirits of the distillery's own production, spirits produced by another distillery or craft distillery in Washington, and vermouth or sparkling wine products produced by a licensee in Washington;
- provide to customers, for free or for a charge, for on-premises consumption, spirits samples that are 0.5 ounce or less per sample of spirits, and that may be adulterated with water, ice, other alcohol that may be served or sold on the licensed premises, or nonalcoholic mixers;
- sell, for on-premises consumption, servings of spirits of the distillery's or craft distillery's own production or spirits produced by another distillery or craft distillery licensed in Washington that are adulterated with water, ice, other alcohol that may be sold or served on the licensed premises, or nonalcoholic mixers; and
- sell, for on-premises consumption, servings of vermouth and sparkling wine products produced by a licensee in Washington.

If a distillery or craft distillery provides or sells spirits or other alcohol products authorized to be sold or provided to customers for on-premises or off-premises consumption that are produced by another distillery, craft distillery, or licensee in Washington, then at any one time no more than 25 percent of the alcohol stock-keeping units offered or sold by the distillery at the off-site tasting room may be vermouth, sparkling wine, or spirits produced by another distilled spirits producer or licensee. If a distillery or craft distillery sells fewer than 20 alcohol stock-keeping units of products of its own production, it may sell up to five alcohol stock-keeping units of another distillery, craft distillery, or licensee in Washington.

A person is limited to receiving or purchasing, for on-premises consumption, no more than 2 ounces total of spirits that are unadulterated. Any additional spirits purchased for on-premises consumption must be adulterated. A distillery, craft distillery, or domestic winery operating an off-site tasting room may bring products of its own production from its own licensed production facility or warehouse in Washington. The licensee must also provide, for free or for a charge, snack food offerings to customers during public service hours. Such snack food includes no less than two typical snack items at any one time, such as chips, pretzels, nuts, or popcorn, and an offering of cheese, with or without deli-style meat. The LCB may adopt rules updating the snack food requirements consistent with requirements of other snack food licensees. All employees of a concessionaire, distillery, craft distillery, or domestic winery responsible for sales and service of alcohol must hold a class 12 alcohol server permit.

**Appropriation:** None.

**Fiscal Note:** Available.

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