

# HOUSE BILL REPORT

## HB 2204

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**As Passed House:**

February 12, 2024

**Title:** An act relating to the creation of a special liquor permit to authorize the sale of liquor by a manufacturer of liquor at another licensed premises during an emergency.

**Brief Description:** Creating a special liquor permit.

**Sponsors:** Representatives Waters and Wylie.

**Brief History:**

**Committee Activity:**

Regulated Substances & Gaming: 1/18/24, 1/23/24 [DP].

**Floor Activity:**

Passed House: 2/12/24, 92-5.

**Brief Summary of Bill**

- Creates a temporary liquor permit for a licensed manufacturer to authorize the sale, service, storage, and consumption of liquor on the premises of another liquor licensee with retail sales privileges when an emergency has made the manufacturer's premises inaccessible.

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### HOUSE COMMITTEE ON REGULATED SUBSTANCES & GAMING

**Majority Report:** Do pass. Signed by 11 members: Representatives Kloba, Co-Chair; Wylie, Co-Chair; Stearns, Vice Chair; Chambers, Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Caldier, Cheney, Morgan, Orwall, Reeves and Waters.

**Staff:** Matt Sterling (786-7289).

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

The Liquor and Cannabis Board (LCB) issues a variety of liquor licenses and permits authorizing the service, sale, or use of alcoholic beverages in different circumstances and sets fees for the licenses and permits. Examples of available permits include a banquet permit, a permit for an event held at a business without a liquor license, a permit for nonprofit organizations to auction wine, a permit for bed and breakfast lodging facilities, and a permit to allow short-term rental operators to provide a complimentary bottle of wine to guests.

The requirement for a special liquor permit for certain persons, such as a purchase permit for a person engaged in mechanical or manufacturing business or in scientific pursuits that require alcohol for use, or a person operating a drug store to purchase liquor, may be waived by a declaration of a state of emergency by the Governor.

The Governor has the authority to prohibit certain activities and waive or suspend existing statutes through the issuance of emergency proclamations. Statutory waivers and suspensions are limited to 30 days and can only be extended beyond 30 days by the Legislature. Cities and counties are given authority to respond to emergencies by the Washington Constitution and are given authority under law to enter into contracts and incur debt necessary to combat a disaster, protect the health and safety of persons and property, provide emergency assistance to the victims of a disaster, and waive certain budget law limitations and requirements of competitive bidding.

### **Summary of Bill:**

There is an emergency liquor permit available to a licensed manufacturer of alcohol to authorize the sale, service, and consumption of liquor on the premises of another liquor licensee that has retail sales privileges when an emergency or disaster has made the premises of the manufacturer inaccessible and unable to operate due to an emergency or road closure. If there is a proclamation of a state of emergency issued by the Governor or by the city, town, or county where the applicant is located then the fee for the permit must be waived. The permit is valid for 30 days and may be continually renewed for periods of 30 days if the emergency or disaster continues.

Liquor that is provided by the permit holder may be served by employees or agents of the permit holder or the licensed premises. The permit holder may store up to a 30-day supply of liquor at the licensed premises in segregated storage. No more than a total of three emergency permit holders may sell at the same licensed premises under an emergency permit.

Emergency or disaster means an event or set of circumstances that:

- demands immediate action to preserve public health, protect life, protect public property, or to provide relief to any stricken community overtaken by such occurrences; or
- reaches such a dimension or degree of destructiveness as to warrant the Governor

proclaiming a state of emergency.

**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) This bill was inspired by a situation where a severe fire burned over 700 acres and resulted in road closures. The area is home to about eight to ten wineries, and the road closure resulted in cutting off access to half the wineries. The wineries that could stay open offered to let the others come and sell their wine and move their product out of the fire zone. The licensees in the fire zone contacted the Liquor and Cannabis Board to get approval to move and sell their product and were told that they were unable to do so under current law. Because everything in an emergency is happening so quickly, there is not enough time to contact everyone and the LCB was unable to determine a way to assist the licensees. This bill would allow for wineries, breweries, and distilleries to be able to move and sell their product during emergencies. The frequency of disasters such as fires and landslides seems to be increasing and this bill would provide an option to help liquor licensees handle these situations and minimize loss. Another emergency that occurred in Walla Walla that impacted licensees was a gas station leak that required licensees to shut down for a month. A licensee can only sell its own product on its licensed premises, so allowing this flexibility in emergencies allows licensees to help each other in those situations. This bill would allow licensees to keep their businesses open and to keep their staff employed.

(Opposed) None.

**Persons Testifying:** Representative Kevin Waters, prime sponsor; Marc Webster, Washington State Liquor and Cannabis Board; Josh McDonald, Washington Wine Institute; and Daniel Olson, Washington Brewers Guild.

**Persons Signed In To Testify But Not Testifying:** None.