

HOUSE BILL REPORT

SSB 5291

As Reported by House Committee On:
Regulated Substances & Gaming

Title: An act relating to the timely issuance of certain liquor licenses, renewals, and endorsements.

Brief Description: Concerning liquor licenses.

Sponsors: Senate Committee on Labor & Commerce (originally sponsored by Senators Schoesler, Dozier, Mullet, King, Wagoner, Liias and Rolfes).

Brief History:

Committee Activity:

Regulated Substances & Gaming: 2/15/24, 2/19/24 [DPA].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Requires the Liquor and Cannabis Board (LCB) to issue a decision on an application for certain liquor licenses and endorsements within 45 days, subject to an exception allowing extension of the time period by an additional 30 days for good cause while issuing a temporary license, or deems the application approved by default.
- Modifies notice provisions related to issuance and renewals of liquor licenses and modifies provisions related to the initial opening of liquor licensed restaurants.

HOUSE COMMITTEE ON REGULATED SUBSTANCES & GAMING

Majority Report: Do pass as amended. 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.

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.

Staff: Peter Clodfelter (786-7127).

Background:

The Liquor and Cannabis Board (LCB) issues various liquor licenses and license endorsements 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 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.

When the LCB receives a new or renewal liquor license application, the LCB sends notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the license is for an application outside of an incorporated city or town. The local government may file written objections with the LCB against the applicant or against the premises for which the new or renewal license applies, and may request a hearing that the LCB has discretion to hold. For applications for new licenses the written objections must be filed within 20 days after the date of transmittal of the notice. For license renewals, the written objections must be received at least 30 days prior to the license expiration date.

Before the LCB issues any liquor license it must give due consideration to the proposed location with respect to the proximity of public institutions, churches, and schools. Public institutions are defined as institutions of higher education, parks, community centers, libraries, and transit centers. The LCB must send written notice, with receipt verification, of the application to public institutions, churches, and schools within 500 feet of the premises proposed to be licensed.

The LCB may not issue a liquor license for either on-premises or off-premises consumption covering any premises not currently licensed, if the premises is within 500 feet of any tax-supported public elementary or secondary school and the LCB receives written objection, within 20 days after receiving the notice, from an official representative of the school indicating there is an objection to the issuance of the license due to proximity to the school.

Upon the granting of a liquor license, the LCB must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of an incorporated city or town. However, upon the granting of a special occasion license for an event held during certain fairs located on county-owned property in a city or town, the written notification must be sent to both the incorporated city or town and the county legislative authority.

The LCB has discretion to issue a temporary retail or distributor license to an applicant to operate while the license application is pending. Temporary licenses are for a period not to exceed 60 days, but the period may be extended for additional periods of 60 days upon payment of an additional fee and upon compliance with all conditions required by law.

Under the LCB's current rules, liquor licensed restaurants are required to be open to the public a minimum of five hours a day three days a week to obtain and maintain a license.

Summary of Amended Bill:

The LCB is generally required to issue a decision within 45 days of receiving an application for issuance or renewal of the following liquor licenses and related endorsements, or the application is approved by default:

- the beer and wine restaurant license and the caterer's endorsement;
- the tavern license and the caterer's endorsement;
- the snack bar license;
- the combined license for off-premises consumption that is coupled with the beer and wine restaurant license or the tavern license;
- the spirits, beer, and wine restaurant license and the endorsement for sales of bottled wine for off-premises consumption, the keg endorsement, and the soju endorsement;
- the spirits, beer, and wine private club license and the endorsement for nonclub, member-sponsored events using club liquor and the endorsement for sales of bottled wine for off-premises consumption;
- the beer and wine private club license and the endorsement for sales of bottled wine for off-premises consumption; and
- the theater licenses for the sale of beer and wine, or spirits, beer, and wine.

However, the LCB may extend the 45 day time period by an additional 30 days if the LCB determines good cause for the extension exists and issues a temporary license during the extension. Good cause may include time for the LCB to review objections. If the LCB fails to issue a decision on an application within the additional 30 days, the temporary license must be converted into a permanent license and is approved by default.

The requirement is removed that the written notice the LCB must provide to public institutions, churches, and schools during the liquor licensing process must be sent "with receipt verification." Additionally, it is specified that any required notifications related to liquor license issuance or renewal may be issued concurrently.

Liquor licensed restaurants are required to notify the LCB at least seven days before initially opening to the general public. It is provided that any requirement in the LCB's rules for a restaurant liquor licensee to be open to the public for a minimum number of hours per day, or days per week, begins applying when the licensee opts to initially open to the general public rather than when the license is granted.

Amended Bill Compared to Substitute Bill:

As compared to the substitute bill, the amended bill:

- adds a requirement for liquor licensed restaurants to notify the LCB at least seven days before the licensee initially opens the licensee's premises to the public;
- specifies that any requirement in the LCB's rules for a restaurant liquor licensee to be open to the public for a minimum number of hours per day, or days per week, begins applying when the licensee opts to initially open to the general public rather than when the license is granted; and
- makes technical changes by removing a reference to a section of the Revised Code of Washington repealed in 2023 and changing an internal reference.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: 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 version of the bill with a 45-day timeline for liquor license issuance represents a compromise, after the original bill in 2023 proposed a 30-day timeline. The bill originated because several small, local businesses faced challenges obtaining basic liquor licenses. One business was seeking a license to sell beer and wine at a golf course, another moving a restaurant across the town, and another opening a new restaurant. There are several challenges in opening a restaurant. These include timing the ordering of food inventory and employing staff. Not knowing when the business can open due to a delay in license issuance makes opening a restaurant more difficult. The bill streamlines timelines, provides clarity and certainty to businesses, and allows them to plan and operate more effectively. It will allow businesses to obtain a temporary license if the process extends beyond 45 days, and provides for automatic license issuance if a decision is not made during the allotted time. This is a positive step toward modernizing and improving Washington's liquor licensing procedures. By reducing red tape, providing clear timelines, and adding efficiencies, the bill supports the growth and vitality of Washington's hospitality industry while maintaining the highest standards of accountability and transparency.

(Opposed) None.

Persons Testifying: Senator Mark Schoesler, prime sponsor; and Montana Miranda, Washington Hospitality Association.

Persons Signed In To Testify But Not Testifying: None.