

# HOUSE BILL REPORT

## HB 1060

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### As Passed Legislature

**Title:** An act relating to improvements to the licensing sections of the Washington state liquor act.

**Brief Description:** Improving the licensing sections of the Washington state liquor act.

**Sponsors:** By Representatives Lisk and Sheldon; by request of Liquor Control Board.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/18/95, 2/9/95 [DP];

Appropriations: 2/27/95, 3/1/95 [DP].

**Floor Activity:**

Passed House: 3/8/95, 98-0.

Senate Amended.

House Concurred.

Passed Legislature.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 10 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman and Goldsmith.

**Staff:** Pam Madson (786-7166).

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 28 members: Representatives Silver, Chairman; Clements, Vice Chairman; Huff, Vice Chairman; Pelesky, Vice Chairman; Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; G. Fisher; Foreman; Hargrove; Hickel; Jacobsen; Lambert; Lisk; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Talcott; Thibaudeau and Wolfe.

**Staff:** Dan Chang (786-7191).

## **Background:**

### Uncontested and Unopposed Applications

The Washington State Liquor Control Board has sole authority to grant or refuse an application for a liquor license. As part of the application process, the appropriate city, towns, or county authority is notified and may submit objections to the application. For certain licenses, the proximity to churches, schools, and public institutions may also generate objections.

### License Transfers

A licensee may transfer a license to another qualified person, or may transfer the location of the licensed premises for a fee of \$75. No transfer is allowed if the transfer includes both a change in licensee and a change in location of the licensed premises. Licenses may be transferred with no charge to the surviving spouse of a deceased licensee.

### Use of Revenue Stamps

Taxes imposed on the sale of beer and wine may be collected by the use of revenue stamps or direct payments. The use of revenue stamps has been discontinued by the Liquor Control Board.

### Inconsistency in Size of Beer Containers

Class A (restaurants and dining places) and Class B (taverns) licensees may sell beer for consumption off premises if the beer is in the manufacturer's original sealed container of not less than seven and three-fourths gallons. Beer kegs or containers of not less than four gallons must be registered when sold by a licensed retailer holding a Class A or B license in combination with a Class E license (grocery stores, and others).

### Class I (Caterer's) License

There is a special occasion license known as a Class I caterer's license. It allows certain existing retail licensees (Class A, B, D, and public H) to sell liquor for consumption on the premises at a special event located away from the licensed premises. The license may be issued on a per day basis for a fee of \$25 a day or on an annual basis for a fee of \$350.

### Price Posting

Breweries, wineries, beer and wine wholesalers and importers, and those holding certificates of approval from the board may not modify any prices without prior notification and approval of the board. The board has adopted rules to implement this provision.

#### Extending Class H Liquor Licenses

Under limited circumstances, a Class H licensee may extend a Class H license to another location. For example, a Class H licensee who provides food service at public civic centers having sport and entertainment facilities may extend their liquor license privileges to additional locations on the premises under duplicate licenses issued by the liquor control board. There is no specific provision that allows a hotel corporation that owns or leases non-contiguous property to operate food and alcoholic beverage service for special events open to the public.

#### **Summary:**

#### Uncontested and Unopposed Applications

The Liquor Control Board may grant to a designated employee of the board, the authority to approve uncontested and unopposed applications for a liquor license. The grant of authority must be in writing. The Board will establish the criteria for granting this authority by rule.

#### License Transfers

Transfers of existing licenses and the transfer fee are eliminated. A change of licensee or a change of location requires a new license application and fee. A license continues to be transferable at no charge to a surviving spouse with the approval of the Board.

#### Use of Revenue Stamps

The provisions relating to the use of revenue stamps to collect liquor taxes for wine and beer are eliminated.

#### Inconsistency in Size of Beer Containers

Class A and B licensees may sell beer for consumption off premises if the beer is in the manufacturer's original sealed container of not less than four gallons. This provision is consistent with the minimum keg or container size that is required for keg registration.

#### Class I (Caterer's) License

The per day license fee option for a Class I caterer's license is eliminated leaving only an annual license fee.

#### Price Posting

The Liquor Control Board is given explicit authority to require beer and wine wholesalers and manufacturers to file with the board prices at which they will sell beer and wine in this state. Prices cannot be changed unless specific procedures are followed. Price information is not confidential.

#### Extending Class H Liquor Licenses

A Class H licensed hotel may extend the Class H license to property owned or controlled through a leasehold interest that is located in the same metropolitan area and used as a convention, conference center, or banquet facility for special events by the public.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (Commerce & Labor) When the keg registration bill was passed requiring registration of kegs sold, the keg size was four gallons or more. The license laws were not changed at the time to conform to the keg size of the keg registration law. The annual fee amount for a Class I caterer's license remains the same. The bill removes the ability to get a daily license. Most people in the catering business are full time. The cost to process the daily license is greater than the license amount. The process of approving liquor licenses is not changed. When the application process is completed, a staff person could sign the license. This would be a rare occasion, for example, at times when the board was not meeting. Liquor licenses are coordinated with the master business license. Confusion is created when a license is transferred for a period that is less than a full year. Not all licenses are transferable.

(Appropriations) Same as Commerce and Labor.

**Testimony Against:** (Commerce & Labor) None.

(Appropriations) None.

**Testified:** (Commerce & Labor) Carter Mitchell, Liquor Control Board (pro).

(Appropriations) Carter Mitchell, Liquor Control Board.