
Commerce & Labor Committee

HB 1430

Brief Description: Authorizing the sale by spirit, beer, and wine licensees of malt liquor in containers that are capable of holding four gallons or more and are registered in accordance with RCW 66.28.200.

Sponsors: Representatives Wood and Condotta.

Brief Summary of Bill

- Allows restaurants holding a spirits, beer, and wine license to sell kegs of malt liquor.

Hearing Date: 2/2/05

Staff: Christopher Abbott (786-7119).

Background:

Before an establishment may sell alcoholic beverages, it must obtain a liquor license from the state Liquor Control Board ("Board"). The type of license depends on the nature of the business and the types of alcohol to be sold. Among other types, the Board may issue licenses for spirits, beer, and wine restaurants, beer and/or wine restaurants, taverns, grocery stores, and beer and/or wine specialty shops.

Spirits, Beer, and Wine Restaurant Licenses

Businesses with a spirits, beer, and wine restaurant license may sell distilled spirits, beer, and wine by the glass for on-premises consumption. Beer and spirits may not be sold for off-premises consumption. Sale of wine for off-premises consumption is limited to the following circumstances:

- wine purchased with a meal if re-sealed in its original container; and
- with a Board endorsement, wines produced in Washington that carry the licensee's exclusive label.

A caterer's endorsement allows removal of liquor for service on other premises for special events.

Hotels, clubs, civic centers, tourist resorts, sports and entertainment facilities, trains, boats, and airplanes with designated dining spaces may also apply for a spirits, beer, and wine restaurant license if they meet the regulations adopted by the Board. These rules include the following:

- *Menu.* The restaurant must offer complete meals, including a menu of at least five entrees. Only one of the five entrees may be pizza or deep fried food.

- *Hours.* For at least five hours between 11:00 a.m. and 11:00 p.m. for five days a week, complete meals must be offered. At all times that liquor is served, hors d'oeuvres, sandwiches, soups, or short order foods must be served. If the entire premises are dedicated to dining, then complete meals must be served at all times.
- *Floor Space.* At least 15 percent of the total public service area must be designated as a dining area (not counting space used as dance floors, cocktail lounges, stages, etc.) where liquor consumption is incidental to consumption of food.

A separate provision of the law addresses restaurants that do not serve the general public. Restaurants that selectively restrict access (for example, by membership requirements) may also receive a spirits, beer, and wine restaurant license. They must be in operation continuously for one year before applying and may not restrict admission on the basis of a protected class (e.g. race, creed, or sex). They have the same restrictions on sale for off-premises consumption as restaurants that are open to the general public. With an endorsement by the Board, these restaurants may host up to 40 non-club, invitation-only events sponsored by members.

The total number of licenses for spirits, beer, and wine restaurants is capped at a maximum of one license per 1,500 people in the state.

Other Retail Liquor Licenses

Among the types of licenses available, the Board may also issue the following:

Beer and/or Wine Restaurants

Restaurants with this license may sell beer and wine for consumption on the premises, and patrons may take home wine purchased with a meal if it is re-sealed in its original container. These businesses must be bona fide restaurants and designate an area used primarily for the sale and consumption of food. If less than 15 percent of the floor space is dedicated for dining, the business must instead get a tavern license.

Taverns

Businesses with a tavern license may sell beer and wine for consumption on the premises, but may open the business only to persons over 21 years old.

Off-premises Licensees

Businesses may obtain an off-premises license which enables them to sell beer and wine for off-premises consumption. These licenses may be combined only with beer and/or wine restaurant and tavern licenses. Three methods of sale are allowed:

- *Original Package.* Beer and wine may be sold in their original sealed packages;
- *Filled at Tap.* Patrons may bring in a sanitary container and have it filled with beer at the tap; and
- *Kegs.* Malt liquor may be sold in registered kegs or other containers capable of holding four gallons or more.

Grocery Stores

A grocery store license enables a business to sell beer and wine in original containers. To qualify as a grocery store, the business must have at least \$3,000 worth (in wholesale value) of food that is stored on the premises.

Beer and/or Wine Specialty Stores

Businesses with beer and/or wine specialty store licenses may sell beer and wine in original containers for off-premises consumption.

Other Establishments

The Board may also issue licenses for public houses, private clubs, sports and entertainment facilities, snack bars, nonprofit arts organizations, motels, exporters, and gift delivery businesses.

Sale of Kegs

Kegs (or other containers larger than 4 gallons) of malt liquor may be sold in the following establishments:

- *Off-premises Beer and/or Wine License:* Off-premises licenses may be combined *only* with tavern and beer and/or wine restaurant licenses.
- *Grocery Store Licenses:* Requires a special endorsement issued by the Board. Containers must be smaller than five and one half gallons.
- *Beer and/or Wine Specialty Shops:* Containers must be smaller than five and one half gallons.

State law and Board rules impose additional requirements on establishments selling or leasing kegs or other large containers. Sellers must always require purchasers to show proof of identification. Additionally, the seller and purchaser must complete a form with information about the purchaser's identity and the address where the keg will be located or consumed. Copies of the registration must be provided to the purchaser, kept by the seller, and posted on the container. Finally, the purchaser must affirm that he or she (1) is at least 21 years old, (2) will not tamper with the registration form, and (3) will not provide alcohol to a minor.

Kegs of malt liquor may not be sold by businesses holding spirits, beer, and wine licenses. If a business currently holding a beer and/or wine restaurant license decides to upgrade to a spirits, beer, and wine restaurant license, the law does not permit the business to obtain an off-premises license permitting the sale of kegs, beer, or wine for off-premises consumption.

Summary of Bill:

The statute creating spirits, beer, and wine restaurant licenses for restaurants open to the general public is amended. With an endorsement from the Liquor Control Board, these businesses may sell malt liquor in kegs or other containers capable of holding four or more gallons. The kegs must meet the same registration requirements as kegs sold in establishments with beer and/or wine restaurant licenses, taverns, grocery stores, and beer and/or wine specialty shops.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on January 28, 2005.

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