

HOUSE BILL REPORT

SSB 5156

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to airport lounges under the alcohol beverage control act.

Brief Description: Concerning airport lounges under the alcohol beverage control act.

Sponsors: Senate Committee on Labor, Commerce & Consumer Protection (originally sponsored by Senators Kohl-Welles, King, Keiser, Delvin and Conway).

Brief History:

Committee Activity:

State Government & Tribal Affairs: 3/17/11, 3/21/11 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Creates a new VIP Airport Lounge License allowing operators to serve spirits, beer, and wine for on-premises consumption.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass as amended. Signed by 11 members: Representatives Hunt, Chair; Appleton, Vice Chair; Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander, Condotta, Darneille, Dunshee, Hurst, McCoy and Miloscia.

Staff: Joan Elgee (786-7106).

Background:

The Liquor Control Board (Board) issues various types of retail liquor licenses. Establishments authorized to sell spirits by the drink with a license from the Board include spirits, beer, and wine restaurants; private clubs; hotels; and sports entertainment facilities. These licensees may purchase liquor from the Board at a 15 percent discount. Servers employed with these licensees must have a mandatory alcohol server training (MAST) permit.

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

License fees and penalties from these licenses are distributed to the state toxicology program, the University of Washington and Washington State University for alcoholism and drug abuse research, and the Department of Social and Health Services for various alcohol and other drug addiction purposes.

Under 2009 legislation, a tied house law was repealed that generally prohibited financial interests between liquor manufacturers, distributors, and importers (industry members) and retailers.

Summary of Amended Bill:

A new VIP airport lounge liquor license is created. The license allows a VIP airport lounge operator to sell or provide spirits, wine, and beer at an airport lounge for on-premises consumption. An operator is an airline, port district, or other entity that is accountable for legal compliance with state laws relating to alcohol, holds the applicable license, and is the contact for licensing and enforcement.

A VIP airport lounge is an establishment in an international airport, beyond security checkpoints, that provides a special space to sit, relax, read, work, and enjoy beverages, where access is controlled by the VIP airport lounge operator and is generally limited to:

- ticketed first-class, executive, or business class airline passengers of any age;
- airline passengers of any age who are qualified members or guests of frequent flyer or other airline loyalty incentive programs or enhanced amenities programs;
- passengers or airline employees of any age issued a pass by the airline for access; and
- airport and airline employees, government officials, and other attendees of functions held by the airport authority or airlines for business promotion, such as increasing international air traffic and enhancing foreign trade.

The VIP airport lounge operator may only serve liquor from a service bar. A service bar is a work station primarily used to prepare and sell alcoholic beverages that are picked up by employees or customers. Customers may not sit and consume food or alcohol at a service bar.

The VIP airport lounge operator may purchase spirits from the Board at a discount, and may purchase beer and wine at retail outlets or from a manufacturer or distributor. Servers must have a valid MAST permit. The annual licensing fee for a VIP Airport Lounge License is \$2,000. License fees and penalties are distributed in the same manner as license fees for other licenses allowing the sale of spirits.

The VIP Airport Lounge License is added to the list of retailer licenses in which an industry member (manufacturer, distributor, or importer) may own an interest under a tied house law.

Amended Bill Compared to Substitute Bill:

The amended bill adds the VIP Airport Lounge License to the list of retailer licenses in which an industry member may own an interest under a tied house law.

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) Sea-Tac International Airport is a major airport and an important transportation hub. The major airlines typically have VIP lounges for their clients. The VIP lounges provide a location where travelers can do some business or relax. They are an excellent marketing tool.

The Port of Seattle and the Board worked together to develop the new license for VIP lounges. The new license would allow the airlines to better accommodate guests and customers. The existing restaurant license is not flexible; VIP lounges are like a square peg in a round hole. The fees for the new license and the existing restaurant license would be the same.

(Opposed) None.

Persons Testifying: Senator Kohl-Welles, prime sponsor; Michael Transue, British Airways; and Clare Gallagher, Port of Seattle.

Persons Signed In To Testify But Not Testifying: None.