

# HOUSE BILL REPORT

## SHB 1034

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### As Passed Legislature

**Title:** An act relating to establishing a soju endorsement to beer and/or wine restaurant licenses and spirits, beer, and wine restaurant licenses.

**Brief Description:** Establishing a soju endorsement to certain restaurant licenses.

**Sponsors:** House Committee on Commerce & Gaming (originally sponsored by Representatives Ryu, Pellicciotti, Goodman, Kirby, Vick, Reeves and Bergquist).

#### **Brief History:**

##### **Committee Activity:**

Commerce & Gaming: 1/17/19, 1/29/19 [DPS].

##### **Floor Activity:**

Passed House: 3/1/19, 89-0.

Passed Senate: 4/10/19, 46-0.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Establishes a \$50 annual soju licensing endorsement for the Spirits, Beer, and Wine Restaurant license, allowing soju to be served by the bottle.
- Directs the Liquor and Cannabis Board to develop and provide soju endorsement holders training materials.
- Defines soju, a Korean distilled alcoholic beverage.

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### HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Stanford, Chair; Reeves, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Kirby, Kloba, Morgan, Vick and Young.

**Staff:** Kyle Raymond (786-7190).

#### **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 a part of the legislation nor does it constitute a statement of legislative intent.*

### Commercial Liquor Licenses.

The Liquor and Cannabis Board (LCB) issues various types of commercial liquor licenses, including those for restaurants, beer and/or wine specialty shops, wineries, microbreweries, domestic breweries, and nightclubs.

### Restaurant Liquor Licenses.

The LCB issues two licenses for retail sales of liquor at restaurants: (1) a beer and/or wine restaurant license; and (2) a spirits, beer, and wine restaurant license.

A beer and/or wine restaurant license authorizes restaurants to sell beer and/or wine for on-premises consumption, in conjunction with the sale of food. Licensees may obtain a written endorsement from the LCB for catering.

A spirits, beer, and wine restaurant license authorizes restaurants to sell spirits, beer and/or wine for on-premises consumption. Licensees must serve complete meals and meet specific food service, kitchen equipment, and floor space requirements, as defined by LCB rules. Licensees may obtain a written endorsement from the LCB for the sale of off-premises wine consumption, as well as the sale of kegs and growlers for off-premises consumption.

In certain circumstances, the LCB may include special endorsements authorizing the sale of specified alcoholic beverages subject to specified conditions, or impose conditions or restrictions on a license. All conditions, restrictions, and endorsements issued by the LCB must be listed on the face of the license along with the trade name, address, and expiration date of the license. A licensee must post its license in a conspicuous place on the premises.

### Beverage Classifications.

Alcoholic beverages are, in part, defined by their alcohol by volume content (ABV). Alcoholic beverages exceeding 24 percent ABV are considered spirits whereas wine must contain not more than 24 percent ABV.

### **Summary of Substitute Bill:**

A soju licensing endorsement from the Liquor and Cannabis Board (LCB) is established for the spirits, beer, and wine restaurant license. The annual fee for the endorsement is \$50.

The endorsement allows the sale of soju at restaurants for on-premises consumption to tables with a minimum of two patrons 21 years of age or older. Soju bottles must be 375 ml or smaller, and empty soju bottles must remain on the patron's table during service. Patrons are allowed to remove any unused portion of soju off-premises, if the remaining beverage is recapped and in its original container.

The LCB must develop and provide soju training materials to soju endorsement holders, which must include endorsement certification procedures and enforcement policies. The information must be made available in both Korean and English languages. Licensees with a soju endorsement are required to ensure servers providing soju to patrons are trained with the LCB training materials.

Soju is defined as a traditional Korean distilled alcoholic beverage, produced using authentic Korean recipes and production methods, and derived from agricultural products, that contains not more than 24 percent of alcohol by volume.

**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) The bill would add clarity for Korean restaurant owners. Many Korean restaurant owners are not aware that soju service is illegal, and English is not the first language of many of these owners. Restaurants are following Korean cultural tradition, and soju is a social and family beverage. Customers complain about not being able to follow Korean tradition, which is difficult for restaurant owners and servers. The bill seeks to balance respect for cultural tradition and public safety. The bill would increase public safety through requiring bottles to remain on the table, which would allow family members and restaurant employees to monitor the how much patrons are drinking. Also, allowing patrons to cap bottles would limit the amount of alcohol consumed because patrons would not feel obligated to finish whatever they purchased. Drinking out of bottles can slow drinking down because customers have to pour soju each time they want more. Requiring bottles to be visible on the tables also helps prevent underage drinking through putting drinking out in the open. Server training needs to be ramped up tremendously to prevent over serving, which can cause drunk driving accidents and harm the economic interests of liable restaurant owners. This bill does not expand alcohol laws. The bill only impacts a small number of restaurants, as soju is mostly sold in Korean restaurants. This bill would change Washington law to be similar to existing soju law in New York, California, and Virginia. Customers expect to be able to buy soju by the bottle at expensive restaurants and customers complain. The bill would allow restaurants to offer culturally diverse beverages. Servers in restaurants are already serving spirits and they are required to get Mandatory Alcohol Server Training (MAST) permits and are trained to recognize signs of intoxication and over service. Overall in support of the bill, but would like to require at least two people at the table for service, add a MAST requirement, and remove the endorsement from the beer and/or wine restaurant license.

(Opposed) None.

**Persons Testifying:** Representative Ryu, prime sponsor; Chris Marr, General America; Dan Cho, Co-Ho Imports; Christina Joo, Blue Ginger; Chun H. Park, Fish Island; Jungsook Lee, Hanmaum; Zach Undahl, Washington Hospitality Association; and Rebecca Smith, Liquor and Cannabis Board.

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