

SENATE BILL REPORT

SB 5643

As Reported by Senate Committee On:
Labor & Commerce, February 20, 2019
Ways & Means, March 21, 2019

Title: An act relating to theater licenses.

Brief Description: Modifying theater license provisions.

Sponsors: Senators King, Palumbo, Honeyford, Keiser, Walsh, Saldaña and Nguyen.

Brief History:

Committee Activity: Labor & Commerce: 2/18/19, 2/20/19 [DP-WM, w/oRec].
Ways & Means: 3/14/19, 3/21/19 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Removes the limit on the number of seats allowed and the tabletop dining requirement for certain spirits, beer, and wine theater licensees, under specified conditions.
- Removes the maximum four screen limitation on the beer and/or wine theater license.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Keiser, Chair; King, Ranking Member; Saldaña and Walsh.

Minority Report: That it be referred without recommendation.
Signed by Senators Conway, Vice Chair; Wellman.

Staff: Richard Rodger (786-7461)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5643 be substituted therefor, and the substitute bill do pass.

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.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Hunt, Keiser, Pedersen, Schoesler, Wagoner and Warnick.

Minority Report: Do not pass.

Signed by Senators Carlyle, Conway, Darneille and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Hasegawa and Liias.

Staff: Alia Kennedy (786-7405)

Background: Certain theaters are authorized to obtain a license allowing the theater to sell spirits, beer, and wine at retail for on-premise consumption. To be eligible for a spirits, beer, and wine theater license, the theater must:

- have no more than 120 seats per screen;
- prepare, cook, and serve complete meals; and
- provide tabletop accommodations for in-theater dining.

Certain theaters are authorized to obtain a license allowing the theater to sell beer, strong beer, and wine at retail for on-premise consumption. To be eligible for this theater license, the theater may not have more than four movie screens.

If minors are allowed in the theater, the theater must submit an alcohol control plan to the Liquor and Cannabis Board for approval. Any person serving alcohol must have completed a mandatory alcohol server training program. The maximum fines and suspensions for violations involving minors or failure to follow an alcohol control plan are doubled for theaters.

Summary of Bill (First Substitute): The criteria for issuing a spirits, beer, and wine theater license is revised to remove the requirements for 120 seats or fewer and tabletop dining requirements, under specified conditions. The conditions include:

- distinctive glassware;
- limits on the size of the glassware;
- drinks containing not more than three ounces of spirits, which must be one hundred proof or less;
- a separate bar and lounge area;
- a prohibition on temporary service locations;
- a prohibition on promotions that encourage intoxication or drinking contests;
- a prohibition on promoting the sale of spirits, beer, or wine through advertising, such as posters or neon signs;
- required age verification at the time of ordering; and
- training requirements for all managers and staff who interact with guests.

Theaters with no more than four screens and tabletop accommodations for in-theater dining are not required to have a separate bar and lounge area and may provide service from temporary locations.

The theater license authorizing the sale of beer, strong beer, and wine is no longer limited to theaters with up to four screens.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Prohibits the spirits, beer, and wine theater licensees from advertising the sale of alcoholic beverages through posters and neon signs on the premises of the theater.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill (Labor & Commerce): PRO: The bill actually creates an incentive for theater owners to regulate the consumption of alcohol in theaters. Currently, customers sneak alcohol into the theaters, but since we are not licensed to serve it our staff are not trained to recognize or handle these issues. Licensing us to serve comes with the duty and liability to regulate the customers activities. Our company is already allowed to serve alcohol in 35 states plus the District of Columbia. This is a way to keep theaters relevant and bring adults back to our businesses. We have successfully served alcohol at 305 locations, over a period of 22 years. Our data shows that only 10 percent of the adult customers consume beverages with alcohol at our currently authorized theaters, and they consume an average of only 1.1 drinks each. We have spent millions of dollars renovating our theaters and this bill will help us keep our adult customers. Teenagers do not go to the movies nearly as often as they used to go.

CON: We were originally opposed to any alcohol in movie theaters and continue to oppose this type of legislation. The bill further liberalizes the alcohol rules and we believe it will result in substantial advertising of alcohol in the theaters.

OTHER: We view these theaters as having a low risk of over service. We are concerned with the risk of pass-offs to minors. Currently 54 theaters qualify to sell alcohol and the bill could add another 188. We do not aggressively enforce the current theater provisions as we do not want to shine flashlights on people in the movie theaters.

Persons Testifying (Labor & Commerce): PRO: Senator Curtis King, Prime Sponsor; Raymond Hallett, Hallett Cinemas LLC; Frank Lewis, AMC Theatres.

CON: Seth Dawson, Washington Association for Substance Abuse Prevention.

OTHER: Chris Thompson, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying (Labor & Commerce): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: A movie theater with 350 locations, which has been doing this for over 22 years, testified in the policy committee that 10 percent of customers will consume an alcoholic beverage and of that 10 percent, the average is one drink per customer. Theaters are struggling with all of the movie watching alternatives out there. This is a good bill intended to help the movie theater business, and is not going to have an explosion of people drinking alcoholic beverages. Current law prevents many IMAX theaters from serving alcoholic beverages because of the seat limit. Adult beverages are already allowed in many theaters and this bill would only modify those requirements. The bill allows theaters to have a return on their investment to put together remodels, adding recliners, and other renovations. The fiscal note shows a revenue gain from licenses fees but does not take into consideration revenue gained from increased food sales and other purchases.

CON: This bill essentially opens up alcohol sales in all theaters in the state of Washington. Access to alcohol in this state is widespread and causing severe health consequences. Small expansions of this law year after year has big effects. It is time to say it is okay to be sober.

Persons Testifying (Ways & Means): PRO: Senator Curtis King, Prime Sponsor; AJ Witherspoon, Galaxy Theatres; Frank Lewis, AMC Theatres; Elizabeth Lesiczka, AMC Theatres.

CON: James McMahan, Washington Association of Sheriffs and Police Chiefs; Seth Dawson, Washington State Association for Substance Abuse Prevention.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.