

# HOUSE BILL REPORT

## HB 1516

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### As Reported By House Committee On:

Commerce & Labor  
Appropriations

**Title:** An act relating to redefining the criteria for spirits, beer, and wine restaurant licenses.

**Brief Description:** Redefining criteria for spirits, beer, and wine restaurant licenses.

**Sponsors:** Representatives Conway and Clements; by request of Liquor Control Board.

### Brief History:

#### Committee Activity:

Commerce & Labor: 2/01/99, 2/18/99 [DP];

Appropriations: 3/1/99, 3/4/99 [DPS].

#### Brief Summary of Substitute Bill

- Establishes a new category under the spirits, beer and wine license, and sets the license fee for the new license category at \$2,500.
- Relaxes the food service requirement for spirits, beer and wine licensees.
- Allows establishments under this new licensing category to operate only two days per week.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 7 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Hurst; Lisk and McIntire.

**Minority Report:** Do not pass. Signed by 1 member: Representative McMorris.

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

### Background:

Restaurants may be licensed as spirits, beer and wine restaurants to sell liquor by the drink for consumption on the premises of the business. The business facility must be equipped to prepare and serve complete meals to its customers. The requirement for preparing and serving a complete meal includes more than fry orders, sandwiches, hamburgers or salads.

Restaurants with cocktail lounges must dedicate at least 15 percent of the floor space to dining. Persons under the age of 21 are permitted in the dining area but are prohibited from being in the area designated for service of liquor only. Entertainment areas and dancing must be separate from the dining area unless approval is obtained from the board.

The license fee for a spirits, beer and wine restaurant is based on the amount of area dedicated to dining and the type of liquor service provided. The license fees range from \$1,000 to \$2,000 depending on the amount of dedicated dining area. The smaller the area devoted to dining, the more expensive the license fee.

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**Summary of Bill:**

An additional category is established for the spirits, beer and wine restaurant license. If a restaurant does not dedicate any of the facility for dining, the license fee is \$2,500. No persons under the age of 21 may be admitted.

A restaurant may satisfy the food requirement under the spirits, beer and wine license by serving fry orders, sandwiches and salads rather than a complete meal.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Some food and beverage businesses that include dancing or entertainment may not have the demand for food required by the current spirits, beer and wine license. These businesses would like to move toward more entertainment and less food service. They would like to get rid of the expense of maintaining full meal service when there is no demand for it. They may also want to operate less than five days a week or operate only on weekends. Under the current spirits, beer and wine restaurant license, the licensee must have full meal service available to the public five days a week.

Since 1948, restaurants that served liquor had to maintain substantial food service. Food and liquor ratios were established. Gradually these ratios became more and more difficult to maintain and enforce. There are more than 2,900 restaurants that serve liquor. The Liquor Control Board conducted a survey of 43 states. Washington was the only state with such a high food requirement for liquor service. By maintaining this new category under the existing spirits, beer and wine liquor license, the number of licenses will be limited by the current cap on spirits, beer and wine licenses. We are approximately 800 licenses under the cap.

This bill represents a very broad change. Reducing the food requirement would make it easier for taverns to become full service spirits, beer and wine restaurants. This increases the service of alcohol and increases the access in areas where public inebriation is currently a problem. Another possible solution might be a new license that is more limited, rather than increasing the number of licensees moving to the sale of spirits rather than just beer and wine.

**Testimony Against:** None.

**Testified:** (In support) Frank Norwood; David Goyette, Liquor Control Board; Vito Chiechi, Washington State Licensed Beverage Association; and Michael Transue, Washington Restaurant Association.

(With concerns) Becky Bogart, Washington State Hotel and Motel Association, and Washington State Sports and Entertainment Facilities Association.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 30 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt; Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Ruderman; Tokuda and Wensman.

**Minority Report:** Do not pass. Signed by 1 member: Representative Sullivan.

**Staff:** Heather Flodstrom (786-7391).

**Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Commerce & Labor:** Requires restaurants and hotels that serve spirits, beer and wine to prepare food on the premises, rather than being able to cater or bring in food to meet the requirements of the new license.

Establishments must be open at least two days per week under this type of spirits, beer and wine license.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** (Original bill) This bill deals with public safety and regulatory reform issues. The Liquor Control Board (LCB) spends thousands of hours trying to establish whether a restaurant is a full-service food establishment in order to grant them a liquor license. LCB does not have the staff or resources to continue this extensive process any longer. There are 1000 taverns and 3000 restaurants that hold licenses now, and only about 450 licenses will be granted in this category next year. A maximum of 800 additional licenses could be issued under the state license cap. This bill is regulating the availability of food and dining space at establishments that serve liquor, and it does not have anything to do with responsible or irresponsible drinking.

This bill is a winning situation for people in the hospitality industry, because most taverns don't have the area to serve complete sit-down meals. This bill will allow restaurants to have greater control over consumption by their patrons, and allow restaurants to stay in business. This bill will help the smaller tavern owner, and will not increase liquor consumption because servers will be educated on not letting people over-consume.

**Testimony Against:** None.

**Testified:** David Goyette, Director of Licensing - Liquor Control Board; and Vito Chiechi and Delores Chiechi Whitmore, Washington State Licensed Beverage Association.