

SENATE BILL REPORT

SHB 1001

As of April 1, 2013

Title: An act relating to beer and wine theater licenses.

Brief Description: Concerning beer and wine theater licenses.

Sponsors: House Committee on Government Accountability & Oversight (originally sponsored by Representatives Moeller, Pedersen, Hunt, Clibborn, Green, Van De Wege, Fitzgibbon, Lytton, Appleton, Maxwell, Tharinger, Ormsby, Riccelli, Pollet and Jinkins).

Brief History: Passed House: 3/05/13, 90-4.

Committee Activity: Commerce & Labor: 3/29/13.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Edith Rice (786-7444)

Background: There is no specific theater license, although there is a nonprofit arts organization license. Nonprofit arts organizations can obtain a liquor license to sell liquor to patrons on the premises at sponsored events, which are approved by the Liquor Control Board (LCB). The fee for such a license is \$250 per year. A nonprofit arts organization is one that provides artistic or cultural exhibitions, or performances or art education programs for attendance by the general public. It must meet legal requirements for a not-for-profit corporation and must satisfy specific conditions set by LCB.

LCB is authorized to prescribe the following:

- the terms and conditions contained in permits and licenses;
- the fees payable for any permits and licenses; and
- the requisite conditions, accommodations, and qualifications for obtaining licenses to sell beer, wine, and spirits, and regulation pursuant to those licenses.

Pursuant to this authority, in 2010 LCB adopted rules regarding requirements and restrictions for both beer and wine restaurant licenses and spirits, beer, and wine restaurant licenses at cinemas with dinner theater venues. Under these rules:

- the general food service requirements for such restaurants must be met;
- on all portions of the premises where alcohol is served or consumed, licensees must maintain sufficient lighting requirements so that identification may be checked and patrons may be observed for the enforcement of liquor laws and rules;

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- alcohol sales and service may not be provided from the concession area in the cinema lobby;
- alcohol may be consumed only in the theater rooms approved by LCB;
- minor patrons and employees are prohibited at all times in the individual theater rooms that allow alcohol service and consumption; and
- a floor plan must be provided to LCB indicating which theater rooms will be operated as dinner theaters. Those theater rooms not operated as dinner theaters with alcohol sales and service may be open to minors and minor employees.

Summary of Bill: The act creates a theater license to sell beer, including strong beer, wine, or both, at retail for consumption on theater premises. The annual fee for such license is \$400. No food requirements are specified.

Theater is defined as a place of business where motion pictures or other primarily nonparticipatory entertainment are shown.

If theater premises are frequented by minors, an alcohol control plan must be submitted to LCB at the time of application. The alcohol control plan must be approved by LCB, and be prominently posted on the premises prior to minors being allowed entry.

Alcohol control plan is defined as a written, dated, and signed plan submitted to LCB by an applicant for the entire theater premises. The alcohol control plan must include (1) a statement explaining where and when minors and alcohol are permitted; and (2) the control measures used to prevent minors from obtaining alcohol or being exposed to environments where drinking alcohol predominates.

All servers of beer and wine must attend a mandatory alcohol server training program.

Subject to specified conditions, theater licensees that are federally designated nonprofits exempt from taxation under 26 U.S.C.501(c)(3) are permitted to enter into agreements with a liquor industry member for purposes of brand advertising at the theater. The act specifically establishes that such an agreement is an exception to the general statutory prohibition against a liquor industry member advancing money or other valuable consideration to a retailer. Such agreements are subject to specified auditing procedures conducted by LCB.

A doubling of available penalties is provided for a violation involving minors or the failure to follow an alcohol control plan.

LCB must adopt rules regarding alcohol control plans and necessary control measures.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Smaller home-town theaters need to be able to be competitive. They are financially struggling. This bill is crucial to our financial survival. With an 11 percent unemployment rate our downtown is struggling. We need to support this to bring more people downtown. Current law does not allow beer and wine in theaters. We are barely managing financially. We need to have two separate licenses. One to allow for beer and wine, and the other for beer, wine, and spirits. Some of us are not interested in the spirits license. We need to help revitalize the downtown area. This affects more than just theaters. People who come downtown for the movies also shop at nearby businesses. We are comfortable with this bill.

CON: No safety measures are perfect. We are concerned about the brand advertising that this allows for. We are concerned about the dwindling entertainment venues that allow for parents to send kids and know that they will not be exposed to drinking.

Persons Testifying: PRO: Representative Moeller, prime sponsor; Rand Thornsley, Liberty Theatre of Camas; Kelly Parker, Greater Vancouver Chamber of Commerce; Brian Layton, Seattle Theater Group; AJ Epstein, West of Lenin; Dan Wyatt, Kiggins Theatre; Dan Wyatt, Sr., Rick Garza, LCB; T.K. Bentler, WA Brewers Guild.

CON: Derek Franklin, WA Assn. for Substance Abuse and Violence Prevention.