

SENATE BILL REPORT

ESB 5607

As Amended by House, April 15, 2013

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

Brief Description: Concerning beer, wine, and spirits theater licenses.

Sponsors: Senators Harper, Hewitt, Kohl-Welles and Kline.

Brief History:

Committee Activity: Commerce & Labor: 2/11/13, 2/18/13 [DP, DNP].

Passed Senate: 3/05/13, 36-13.

Passed House: 4/15/13, 84-11.

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Braun, Vice Chair; Hewitt, Keiser and King.

Minority Report: Do not pass.

Signed by Senator Holmquist Newbry, Chair.

Staff: Edith Rice (786-7444)

Background: 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 which 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 the LCB.

Artistic or cultural exhibitions, presentations or performances, or cultural or art education programs are specifically defined and limited in statute.

Theater is defined in statute as an establishment in which feature motion pictures are regularly exhibited to the public for an admission charge.

Summary of Engrossed Bill: A theater beer, wine, and spirits license is created. In order to obtain a theater beer, wine, and spirits license from the LCB, a theater must have no more than 120 seats per screen, provide tabletop accommodations for in-theater dining, and

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comply with the same meal preparation and service requirements as restaurant licensees. The annual fee is \$400 and permits theaters to sell beer, wine, and spirits to be consumed on theater premises. An alcohol control plan must be submitted to the LCB at the time of application for the license; if minors will ever be present at the theater.

An applicant for a theater license must submit an alcohol control plan to the LCB that shows where alcohol is permitted, where and when minors are permitted, and what measures will be taken to ensure the minors will not be able to get alcohol or will not be exposed to areas where drinking alcohol predominates. The LCB must adopt rules regarding alcohol control plans.

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

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. 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. Agreements are subject to a LCB audit.

The maximum for certain penalties for violations involving minors or failure to follow the alcohol control plan are doubled. Servers are required to hold a class 12 or class 13 server permit.

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: We need this for increasing our business; we can do better if people are allowed to drink. We need to include live theater. Our patrons are over 21 years of age.

CON: This will increase access to liquor, which increases abuse by minors. This raises a question about the fees charged for this license. The economic reality is that we need this to increase business.

OTHER: There should be some fairness in license fees. It would be helpful if there was more guidance about the alcohol control plan.

Persons Testifying: PRO: Senator Harper, prime sponsor; TK Bentler, iPic Entertainment, Motion Picture Assn. of America; Paul Safran, iPic Entertainment; Susan Johnson, Stoel

Rives, Brian Layton, Seattle Theatre Group; AJ Epstein, West of Lenin; Maggie Larrick, Burien Little Theatre.

CON: Derek Franklin, WA Assn. for Substance Abuse and Violence Prevention; Dan Wyatt, Kiggins Theatre.

OTHER: Julia Clark, WA Restaurant Assn.; Karen McCall, LCB.

House Amendment(s): The annual fee that permits theaters to sell beer, wine, and spirits to be consumed on theater premises is changed to \$2,000.