

SENATE BILL REPORT

ESSB 5781

As Passed Senate, March 6, 2017

Title: An act relating to special occasion and banquet provisions for charitable or nonprofit organizations.

Brief Description: Concerning banquet provisions for charitable or nonprofit organizations.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators Fortunato and Baumgartner).

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/15/17, 2/16/17 [DPS, DNP, w/oRec].

Floor Activity:

Passed Senate: 3/06/17, 38-11.

Brief Summary of Engrossed Substitute Bill

- Allows not-for-profit societies and charitable organizations to obtain a banquet permit, on the day of the event, for a fee of \$10 per day.
- Limits the provision to those organizations that have an annual gross income of less than \$250,000.
- Specifies conditions under which liquor may be served at the event.
- Authorizes the donation of liquor if the donor or organization pays all the fees and taxes that would be charged if purchased by a consumer.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: That Substitute Senate Bill No. 5781 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi and Wilson.

Minority Report: Do not pass.

Signed by Senators Keiser, Ranking Minority Member; Conway and Hasegawa.

Minority Report: That it be referred without recommendation.

Signed by Senator Saldaña.

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.

Staff: Richard Rodger (786-7461)

Background: The Liquor and Cannabis Board (LCB) may issue a special permit to consume liquor at events such as banquets. The permit allows for the service and consumption at private, invitation-only gatherings held in a public place or business. The banquet permits are commonly issued for events such as weddings, parties, and nonprofit events. A not-for-profit society or charitable organization may apply for the permit under the same conditions as any other person 21 years of age or older. The fee for a banquet permit is \$10 per day.

The administrative rules implementing the banquet permit provisions allow for individuals attending the event to bring their own liquor and provide that any liquor that is purchased must come from an authorized retail source.

A domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor are generally prohibited from giving liquor to any person. There are multiple statutory exceptions to the prohibition against giving liquor away.

Summary of Engrossed Substitute Bill: The act codifies and expands the banquet permit provisions for not-for-profit societies or charitable organizations. The new provisions only apply to organizations that have an annual gross income of less than \$250,000. These organizations may provide spirits, beer, and wine, free of charge, by the individual serving for on-premises consumption, at a specified date and place. The events may only be held for the organization's members and guests and cannot be open to the general public. The fee for the banquet permit is \$10 per day. The permit must be available online, on the day the event occurs. An unlimited number of banquet permits are available for the organization's business or social events.

Liquor served at the organization's events may be: (1) provided by individuals attending the event, for their own consumption, or with the intent to share with other attendees at no cost; (2) included in the total price for an event when participants receive an equal share by distribution of exchangeable tickets as part of a package; (3) purchased by the event organizers at an authorized retail source; or (4) donated to the organization by any person, liquor industry member, or entity so long as the donor or the organization pays any fees or taxes that would be paid, if the liquor was sold to a consumer.

The organizations may accept cash donations at an event so long as there is no expectation or implied obligation that the donation is in exchange for a beverage containing liquor.

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: *The committee recommended a different version of the bill than what was heard.* PRO: The process for getting licenses and permits needs to take less time consuming and be less expensive. I'm working on a proposal to streamline these special occasion licenses and banquet permits into a single \$10 permit.

CON: We are concerned about the provisions that allow for payment of liquor up to three days after the events occur. We understand that the prime sponsor intends to remove those provisions from the bill. If that happens, our concerns go away.

OTHER: We are willing to continue discussions on this bill to try and make it workable for everyone.

Persons Testifying: PRO: Senator Phil Fortunato, Prime Sponsor.

CON: Scott Hazlegrove, Wa Beer & Wine Distributors Association.

OTHER: James Paribello, WSLCB; Annie McGrath, Washington Brewers Guild.

Persons Signed In To Testify But Not Testifying: No one.