
Regulated Substances & Gaming Committee

HB 2363

Brief Description: Authorizing off-site and pop-up retail sales, service, and consumption of alcohol.

Sponsors: Representatives Chambers, Walen, Robertson, Morgan and Reed.

Brief Summary of Bill

- Creates a new endorsement to the brewery and winery licenses authorizing off-site and pop-up retail sales, service, and consumption of beer or wine, for on-premises and off-premises consumption, under the terms of a brewery or winery license, subject to requirements.
- Requires 14 days' notice to the Liquor and Cannabis Board (LCB) before operating off-site and pop-up activities, limits operations to one location at a time, specifies permissible locations, requires an enclosed boundary around the area, and, among other requirements, provides for notice by the LCB to local governments and to specified entities within 500 feet.

Hearing Date: 1/22/24

Staff: Peter Clodfelter (786-7127).

Background:

Three of the liquor licenses issued by the Liquor and Cannabis Board (LCB) are the domestic brewery license, the microbrewery license, and the domestic winery license. The domestic brewery license and the microbrewery license authorize the production of beer, the distribution of beer of a brewery's own production, and the retail sale of beer for on-premises and off-

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premises consumption. The microbrewery license also authorizes the sale of cider produced by a domestic winery for on-premises or off-premises consumption.

The winery license authorizes the production of wine, the distribution of wine of a winery's own production, and the retail sale of wine for on-premises and off-premises consumption. An endorsement is available to wineries to sell beer produced in Washington by the single serving for on-premises consumption, and is also available to breweries to sell wine produced in Washington by the single serving for on-premises consumption.

Breweries may operate from their licensed production facility, and from up to four retail licensed locations allowing breweries to operate an on or off-premises tavern, beer and/or wine restaurant, spirits, beer, and wine restaurant, or any combination of these licenses. Breweries may also apply for an endorsement to sell bottled beer of their own production at retail for off-premises consumption at a qualifying farmers market. Microbreweries, but not domestic breweries, may become authorized to conduct limited sampling at the qualifying farmers market.

Wineries may operate from their licensed production facility, and may also conduct retail sales and service from up to four off-site tasting room locations that operate under the winery license. Wineries may also apply for an endorsement to sell bottled wine of their own production at retail for off-premises consumption at a qualifying farmers market and may become authorized to conduct limited sampling at the qualifying farmers market.

Before the LCB issues a new or renewal liquor license, the LCB provides notice of the application to the local government, and there is the right to file objections within 20 days, although LCB may extend the period. An applicant may request a hearing if there is an initial decision to deny issuance or renewal. Upon granting a license, the LCB sends written notice to the applicable local government.

Before issuing a liquor license, the LCB must give due consideration to the location with respect to the proximity of churches, schools, and public institutions. Written notice must be provided to public institutions, churches, and schools within 500 feet of the premises to be licensed. The LCB may not issue a liquor license if the premises are within 500 feet of a tax-supported public elementary or secondary school, if the LCB receives a timely written objection from the school objecting to license issuance because of school proximity.

Legislative intent also specifies that a retail license may not be issued where doing so would adversely affect a private school within 500 feet. The LCB must fully consider and give substantial weight to objections filed by private schools. If a license is issued despite the proximity of a private school, the LCB must state in a letter addressed to the private school the reasons for issuing the license.

Summary of Bill:

A new license endorsement is established, at an annual cost of \$50. The license endorsement

is available to domestic breweries, microbreweries, and domestic wineries, to authorize off-site and pop-up retail sales, service, and consumption of beer or wine for on-premises and off-premises consumption, under the terms of the domestic brewery license, the microbrewery license, and the domestic winery license.

The term "off-site and pop-up retail sales, service, and consumption" is defined as the retail sale, service, and consumption of beer or wine at a location off of the licensed production facility for which the domestic brewery, microbrewery, or domestic winery has permission or legal authority to possess and use for the sale, service, and consumption of beer or wine.

A domestic brewery, microbrewery, or domestic winery with the new endorsement must notify the LCB at least 14 days before operating at any off-site or pop-up location and may not operate at more than one off-site or pop-up location at a single time. Off-site or pop-up locations may be operated only: (1) outdoors in an area zoned for a use compatible with the operation of a food truck; or (2) indoors within a building.

An enclosed boundary must be established with ropes, a fence, or by other physical barrier around the designated area in which off-site or pop-up retail sales, service, and consumption is offered and the sale, service, and consumption of beer and wine must be confined to the designated area.

The endorsement holder may sell beer or wine to adults age 21 or over for on-premises consumption, in the designated area, under the terms of the domestic brewery license, microbrewery license, or domestic winery license, or under the endorsement that allows wineries to sell beer produced in Washington by the single serving for on-premises consumption or domestic breweries and microbreweries to sell wine, produced in Washington, by the single serving for on-premises consumption.

A customer may remove any portion of bottled wine sold by a winery for on-premises consumption in the designated area that is recorked or recapped in its original container. Any person selling or serving beer or wine for on-premises consumption must hold a class 12 or class 13 alcohol server permit.

The endorsement holder may also sell beer or wine from the designated area to adults age 21 or over for off-premises consumption under the terms of the domestic brewery license, microbrewery license, or domestic winery license. An endorsement does not count toward any additional retail locations or off-site tasting rooms authorized for domestic wineries, domestic breweries, or microbreweries. No food service in conjunction with alcohol sales or service is required.

An endorsement holder must give due consideration to the location where the licensee will conduct off-site and pop-up retail sales, service, and consumption, with respect to the proximity of churches, public institutions, and schools. Upon receiving notice of an endorsement holder's plans to operate off-site or pop-up activities, the LCB must provide written notice of the

endorsement holder's notice to public institutions, churches, and schools, any of which are within 500 feet of the location, and to the applicable local government.

If the LCB receives written objections within 14 days after receiving the notice, from a church, public institution, school, or the local government, indicating there is an objection to the location or the operation by the endorsement holder, then the LCB shall proceed as follows:

- If the objection is from a tax-supported public elementary or secondary school or any private school, the LCB must notify the endorsement holder and the endorsement holder must immediately cease operating at the location.
- If the objection is from a church, public institution, or the local government, and the licensee continues to operate over the objections, then at the time of renewal of the endorsement the LCB may deny an endorsement holder's renewal of the endorsement after first providing the endorsement holder an opportunity for a hearing where representatives of the LCB must present and defend the initial decision to deny renewal of an endorsement, and representatives of the church, public institution, or local government present their objections.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.