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**HOUSE BILL 2235**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Tarleton and Wylie

AN ACT Relating to the sale of liquor at sports entertainment facilities; and amending RCW 66.24.570.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec.**  RCW 66.24.570 and 2011 c 119 s 205 are each amended to read as follows:

(1) There is a license for sports entertainment facilities to be designated as a sports entertainment facility license to sell beer, wine, and spirits at retail, for consumption upon the premises only or as authorized in this section, the license to be issued to the entity providing food and beverage service at a sports entertainment facility as defined in this section. The cost of the license is two thousand five hundred dollars per annum.

(2) For purposes of this section((~~, a~~)):

(a) The entity providing food and beverage service at a sports entertainment facility is referred to as the concessionaire and includes an entity contracted with a facility owner or tenant to provide food and beverage service and may include a facility owner or tenant if the owner or tenant provides food or beverage service for the facility; and

(b) A sports entertainment facility includes a publicly or privately owned arena, coliseum, stadium, or facility where sporting events are presented for a price of admission, and also includes a practice facility for a professional sports team that otherwise uses the sports entertainment facility for its regular season games, in which the general public may watch practices or use the facilities, for free or with a paid admission ticket. The facility does not have to be exclusively used for sporting events.

(3)(a) The board may impose reasonable requirements upon a licensee under this section, such as requirements for the availability of food and victuals including but not limited to hamburgers, sandwiches, salads, or other snack food. The board may also restrict the type of events at a sports entertainment facility at which beer, wine, and spirits may be served. When imposing conditions for a licensee, the board must consider the seating accommodations, eating facilities, and circulation patterns in such a facility, and other amenities available at a sports entertainment facility.

(b) In addition to individual servings of beer and wine, a licensee may sell, by the individual glass, premixed and prebatched drinks containing spirits. Consumption of such premixed and prebatched drinks is authorized in all public standing and seated areas of the facility and in any suites and clubs in which liquor may be served and consumed on the premises. The percent of alcohol by volume of any premixed or prebatched drinks for on-premises consumption may not exceed the maximum amount of alcohol by volume of the highest alcohol by volume beer that is served at the facility.

(c) Licensees may present to the board a written plan for the service of nonpremixed and nonprebatched drinks by the glass containing spirits adulterated with ice, water, juice, or mixers for consumption in the general public and seated areas of the facility and in any suites or clubs in which liquor may be served and consumed. The board may reject or modify the plan after repeated incidents of service violations. The board may adopt rules regarding repeated incidents of service violations.

(4)(a) The board may issue a caterer's endorsement to the license under this section to allow the licensee to remove from the liquor stocks at the licensed premises, for use as liquor for sale and service at event locations at a specified date and place not currently licensed by the board. If the event is open to the public, it must be sponsored by a society or organization as defined by RCW 66.24.375. If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be a society or organization as defined by RCW 66.24.375 is waived. Cost of the endorsement is three hundred fifty dollars.

(b) The holder of this license with catering endorsement shall, if requested by the board, notify the board or its designee of the date, time, place, and location of any catered event. Upon request, the licensee shall provide to the board all necessary or requested information concerning the society or organization that will be holding the function at which the endorsed license will be utilized.

(5) The board may issue an endorsement to the beer, wine, and spirits sports entertainment facility license that allows the holder of a beer, wine, and spirits sports entertainment facility license to sell for off-premises consumption wine vinted and bottled in the state of Washington and carrying a label exclusive to the license holder selling the wine. Spirits and beer may not be sold for off-premises consumption by the concessionaire under this section. The annual fee for the endorsement under this section is one hundred twenty dollars.

(6)(a) A licensee, concessionaire, facility owner, or tenant, as appropriate, and an affiliated business may enter into arrangements with a manufacturer, importer, or distributor for brand advertising at the sports entertainment facility or promotion of events held at the sports entertainment facility, with a capacity of five thousand people or more. The financial arrangements providing for the brand advertising or promotion of events shall not be used as an inducement to purchase the products of the manufacturer, importer, or distributor entering into the arrangement nor shall it result in the exclusion of brands or products of other companies.

(b) The arrangements allowed under this subsection (6) are an exception to arrangements prohibited under RCW 66.28.305. The board shall monitor the impacts of these arrangements. The board may conduct audits of the licensee and the affiliated businesses to determine compliance with this ((~~subsection (6)~~)) section. Audits may include but are not limited to product selection at the facility; purchase patterns of the ((~~licensee~~)) concessionaire; contracts with the liquor manufacturer, importer, or distributor; and the amount allocated or used for liquor advertising by the ((~~licensee~~)) facility owner, tenant, or concessionaire, affiliated businesses, manufacturer, distillery, craft distillery, domestic winery, importer, or distributor under the arrangements.

(c) The board shall report to the appropriate committees of the legislature by December 30, 2008, and biennially thereafter, on the impacts of arrangements allowed between sports entertainment licensees ((~~and~~)), facility owners, tenants, concessionaires, liquor manufacturers, importers, distilleries, craft distilleries, domestic wineries, and distributors for brand advertising and promotion of events at the facility other than at the premises covered by a select alternating license under subsection (7) of this section.

(7)(a) There is a select alternating license for a distillery licensed under RCW 66.24.140, a craft distillery licensed under RCW 66.24.145, a domestic winery licensed under RCW 66.24.170, or a combination of these licensees, to lease or sublease a portion of the sports entertainment facility from the concessionaire, team, primary tenant, or facility owner, as appropriate, for the operation of an off-site tasting room. The license fee for a select alternating license is two thousand five hundred dollars per annum. A distillery, craft distillery, domestic winery, or combination of these licensees, may work together to operate an off-site tasting room under a select alternating license, as if the off-site tasting room were attached to the licensee's production facility, for the purposes of providing samples of the producer's products to customers, selling and serving the producer's products for on-premises consumption, and selling bottles of the producer's products at retail for off-premises consumption.

(b) An off-site tasting room authorized under this subsection may have exterior entrances for the general public to use and interior entrances that are open to the inside of the facility for patrons of the facility to use before, during, and after ticketed events. During a ticketed event, up to two hours before a ticketed event, and up to two hours after a ticketed event, the concessionaire must operate an off-site tasting room authorized under this section. During such times, all liability for sale and service of liquor resides with the concessionaire. All liquor that may be sold and served for on-premises consumption inside the facility by a concessionaire may be available, at the concessionaire's discretion, for service and consumption within the off-site tasting room.

(c) Only ticketed patrons of an event are allowed past interior doorways leading into the sports entertainment facility while the concessionaire is using the select alternating license. While the concessionaire is operating under a select alternating license the following requirements apply:

(i) Liquor purchased in the off-site tasting room for on-premises consumption may be taken into the facility for consumption under the general rules of the facility as approved by the board;

(ii) Bottles of spirits or wine may be sold for off-premises consumption by a concessionaire on behalf of a distillery, craft distillery, or domestic winery that is a party to the select alternating license, so long as the bottles are held in the tasting room in a secure location and removed from the facility for off-premises consumption at the time the patron leaves the sports entertainment facility. A ticketed patron who leaves the facility with a bottle of spirits or wine may not reenter the event;

(iii) No free servings or samples of beer, wine, or spirits may be provided to patrons;

(iv) All beer, wine, and spirits sold and served by the concessionaire for on-premises consumption in the off-site tasting room must be purchased by the concessionaire through lawful distribution channels and are subject to all applicable taxes;

(v) All food, beverages, staffing, and overhead costs associated with sales and service in the off-site tasting room must be borne by the concessionaire, except the concessionaire may access all fixtures, equipment, and nonfood and nonliquor supplies in the area; and

(vi) There is no obligation on a distillery, craft distillery, or domestic winery to provide to a concessionaire any equipment or fixtures that the distillery, craft distillery, or winery would not normally require in its own tasting room operations.

(d) When no ticketed event is taking place in the facility, and during times outside of the two-hour window before and after a ticketed event, the off-site tasting room covered by the select alternating license must be operated by the distillery, craft distillery, or domestic winery, or combination of these licensees, under hours to be established by the licensee. All privileges of distilleries, craft distilleries, and domestic wineries in their on-site or off-site tasting rooms authorized under this title are available to these licensees in an off-site tasting room authorized under this section.

(e) An off-site tasting room jointly operated by two or more licensees must be covered by a written operations and liability plan approved by the board. A violation of service laws by one licensee must be borne by all licensees covered by the license. In a jointly operated off-site tasting room, costs for workers and overhead resources must be shared equally between licensees.

(f) The operation of an on-site tasting room by a domestic winery in the facility does not count toward the four additional retail licenses specified in RCW 66.24.170(4)(a)(ii). The operation of an off-site tasting room by a distillery or craft distillery does not count toward any limit on additional retail licenses for distilleries or craft distilleries that may be later created in this title.

(g) A select alternating licensee may pay for fair market rent to the facility owner or tenant for the use of the space under a lease agreement, as well as the costs of normal tenant improvements in the space, furniture, and fixtures required for its own operations.

(h) At the off-site tasting room, a distillery or craft distillery licensed as a select alternating licensee may:

(i) Sell, for off-premises consumption, spirits of the distillery's own production, spirits produced by another distillery or craft distillery in this state, and vermouth or sparkling wine products produced by a licensee in this state. A distillery or craft distillery selling spirits or other alcohol authorized under this subsection must comply with the applicable laws and rules relating to retailers;

(ii) Provide to customers, for free or for a charge, for on-premises consumption, spirits samples that are one-half ounce or less per sample of spirits, and that may be adulterated with water, ice, other alcohol that may be served or sold on the licensed premises, or nonalcoholic mixers;

(iii) Sell, for on-premises consumption, servings of spirits of the distillery's or craft distillery's own production or spirits produced by another distillery or craft distillery licensed in this state that are adulterated with water, ice, other alcohol that may be sold or served on the licensed premises, or nonalcoholic mixers; and

(iv) Sell, for on-premises consumption, servings of vermouth and sparkling wine products produced by a licensee in this state.

(i) If a distillery or craft distillery provides or sells spirits or other alcohol products authorized to be sold or provided to customers for on-premises or off-premises consumption that are produced by another distillery, craft distillery, or licensee in this state, then at any one time no more than twenty-five percent of the alcohol stock-keeping units offered or sold by the distillery at the off-site tasting room licensed under this section may be vermouth, sparkling wine, or spirits produced by another distilled spirits producer or licensee. If a distillery or craft distillery sells fewer than twenty alcohol stock-keeping units of products of its own production, it may sell up to five alcohol stock-keeping units of another distillery, craft distillery, or licensee in this state.

(j) A person is limited to receiving or purchasing, for on-premises consumption, no more than two ounces total of spirits that are unadulterated. Any additional spirits purchased for on-premises consumption must be adulterated as authorized in this section.

(k) A distillery, craft distillery, or domestic winery operating an off-site tasting room under this section may bring products of its own production from its own licensed production facility or warehouse in this state.

(l) A distillery, craft distillery, or domestic winery operating a select alternating license under this section, must provide, for free or for a charge, snack food offerings to customers during public service hours. Such snack food includes no less than two typical snack items at any one time, such as chips, pretzels, nuts, or popcorn, and an offering of cheese, with or without deli-style meat. Snack food may, at the licensee's election, be served hot, but there is no heating requirement to serve any such food. A licensee offering snack food under this section must comply with the local city or county health requirements for such level of service. What qualifies as snack food may be updated by rule from time to time by the board, consistent with the obligations of other snack food licensees in this state.

(m) All employees of a concessionaire, distillery, craft distillery, or domestic winery responsible for sales and service of alcohol authorized under this section must hold a class 12 alcohol server permit.

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