

HOUSE BILL REPORT

HB 2412

As Passed Legislature

Title: An act relating to domestic brewery and microbrewery retail licenses.

Brief Description: Concerning domestic brewery and microbrewery retail licenses.

Sponsors: Representatives Stonier, MacEwen, Blake, Young, Eslick, Riccelli and Wylie.

Brief History:

Committee Activity:

Commerce & Gaming: 1/23/20, 1/28/20 [DP].

Floor Activity:

Passed House: 2/18/20, 84-12.

Senate Amended.

Passed Senate: 3/6/20, 48-0.

House Concurred.

Passed House: 3/9/20, 83-13.

Passed Legislature.

Brief Summary of Bill

- Increases the number of retail liquor licenses a domestic brewery or microbrewery licensee may hold from two to four.
- Requires the State Board of Health to adopt rules to allow dogs on the premises of licensed domestic breweries and microbreweries that do not provide food service.
- Exempts licensed domestic breweries and microbreweries from keg registration requirements.
- Eliminates certain duties required of a person who purchases or leases a keg, or purchases the contents of a keg, from a domestic brewery or microbrewery.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 9 members: Representatives Peterson, Chair; Kloba, Vice Chair; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel and Vick.

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: Kyle Raymond (786-7190).

Background:

Domestic Breweries and Microbreweries.

A person may manufacture beer under a domestic brewery license or a microbrewery license. A domestic brewery or microbrewery may also act as a distributor and retailer of beer of its own production. A microbrewery may sell from its premises, for on-premises and off-premises consumption, beer produced by another brewery or cider produced by a winery. Any domestic brewery or microbrewery operating as a distributor or retailer must comply with the applicable laws and rules relating to distributors or retailers, as appropriate.

Retail Licenses. A microbrewery and domestic brewery may also hold up to two retail licenses to operate an on-premises or off-premises tavern, beer and/or wine restaurant, or spirits, beer, and wine restaurant.

A microbrewery or domestic brewery that holds a tavern license, a beer and/or wine restaurant license, or a spirits, beer, and wine restaurant license holds the same privileges and endorsements under the applicable retail license.

A tavern license authorizes licensees to sell beer and wine at retail for consumption on the premises.

A beer and/or wine restaurant license authorizes restaurants to sell beer and wine at retail for consumption on the premises, in conjunction with the sale of food.

A spirits, beer, and wine restaurant license authorizes restaurants to sell liquor by the individual glass, beer, and wine, at retail, for consumption on the premises, including mixed drinks and cocktails compounded or mixed on the premises only. Spirits, beer, and wine restaurant licensees must serve complete meals and meet specific food service, kitchen equipment, and floor space requirements, as defined in rule by the Liquor and Cannabis Board (LCB).

Keg Registration Requirements.

Certain liquor licensees may sell malt liquor in kegs or containers capable of holding 4 gallons or more of liquid to consumers age 21 and over, subject to identification, seller, and purchaser registration requirements. A violation of keg registration duties and requirements is gross misdemeanor.

Identification Requirements. The LCB has adopted rules pursuant to state law that require retail liquor licensees to affix appropriate identification on all containers of 4 gallons or more of malt liquor for the purpose of tracing the purchasers.

Seller or Lessor Requirements. Any person who sells or offers for sale the contents of kegs or other containers containing 4 gallons or more of malt liquor to consumers, or who sells or leases kegs or other containers that will hold 4 gallons of malt liquor to consumers, has the following duties:

- to require the purchaser to sign a declaration and receipt;

- to require the purchaser to provide one piece of identification;
- to require the purchaser to sign a sworn statement, under penalty of perjury, that the purchaser is of legal age to purchase, possess, or use malt liquor, the purchaser will not allow any person under the age of 21 to consume the beverage except as otherwise authorized in law, and the purchaser will not remove or obliterate the identification required to be affixed to the container;
- to require the purchaser to state the address where the malt liquor will be consumed, or the address where the keg or container will be located; and
- to require the purchaser to maintain a copy of the declaration and receipt next to or adjacent to the keg or other container, in no event a distance greater than 5 feet, and visible without a physical barrier from the keg, during the time that the keg or other container is in the purchaser's possession or control.

Purchaser or Lessee Requirements in Statute. A person who purchases the contents of kegs or other containers containing 4 gallons or more of malt liquor, or who purchases or leases the container, has the following duties:

- to provide one piece of identification;
- to be of legal age to purchase, possess, or use malt liquor;
- to not allow any person under the age of 21 to consume the beverage except as otherwise authorized in law;
- to not remove or obliterate the identification required under the LCB's rules;
- to not move, keep, or store the keg or its contents, except for transporting to and from the distributor, at any place other than the address on the declaration and receipt; and
- to require the purchaser to maintain a copy of the declaration and receipt next to or adjacent to the keg or other container, in no event a distance greater than 5 feet, and visible without a physical barrier from the keg, during the time that the keg or other container is in the purchaser's possession or control.

Summary of Bill:

The number of retail liquor licenses a domestic brewery licensee or a microbrewery licensee may hold is increased to four. Domestic brewery and microbrewery licensees may obtain any combination of retail liquor licenses available.

The State Board of Health must adopt rules to allow dogs on the premises of licensed domestic breweries and microbreweries that do not provide food service subject to a food service permit requirement.

Licensed domestic breweries and microbreweries are exempt from the keg registration requirements.

A person who purchases or leases a keg, or purchases the contents of a keg, from a domestic brewery or microbrewery, is exempt from the following duties related to keg registration:

- to provide one piece of identification;
- to not remove or obliterate the identification required under the LCB's rules;
- to not move, keep, or store the keg or its contents, except for transporting to and from the distributor, at any place other than the address on the declaration and receipt; and

- to require to ensure that the copy of the declaration and receipt is located next to or adjacent to the keg.

The duty for the purchaser to be of legal age to purchase, possess, or use malt liquor is maintained. In addition, the purchaser duty to not allow any person under the age of 21 to consume the beverage, unless provided by a parent or guardian and consumed in the presence of the parent or guardian, is also maintained.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The Pacific Northwest is well known for its breweries. However, brewery owners have expressed barriers to expansion of their businesses. Breweries are currently allowed two retail licenses and do not have standalone tasting rooms like wineries. Some breweries are currently at the retail license limit, and there is demand to continue to grow these businesses.

Increasing the number of breweries is a reasonable, modest step that will help our breweries expand. This bill will not result in a significant jump in locations, or so-called access points, because few breweries are currently at the retail license limit. Also, these retail licenses are already readily available.

The bill also provides clarification in current statute that dogs are allowed in brewery taprooms when food is not prepared. The clarifying language is needed because some local regulators interpret current statute differently.

Local health departments have begun regulating breweries as food establishments. Enforcement varies county-by-county, which creates a competitive disadvantage for the breweries in those counties. Breweries have been allowing dogs on the premise for many years, and this is a part of brewery culture that customers love.

Breweries in Portland do allow dogs on the premises, which creates a competitive disadvantage for breweries in southwestern Washington.

(Opposed) There is no shortage of access to alcohol in the state. At the same time, we tell members of the community not to drink and drive as they continue to find alcohol available at virtually every place they drive. Therefore, the Legislature should not expand access to alcohol any further.

Persons Testifying: (In support) Representative Stonier, prime sponsor; and Annie McGrath, Washington Brewers Guild.

(Opposed) James McMahan, Washington Association of Sheriffs and Police Chiefs.

Persons Signed In To Testify But Not Testifying: None.