

HOUSE BILL REPORT

HB 2727

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to creating a retail liquor license for restaurants operated in connection with a course offered by postsecondary institutions.

Brief Description: Creating a retail liquor license for restaurants operated in connection with a course offered by postsecondary institutions.

Sponsors: Representatives Doglio, Springer, Peterson and MacEwen.

Brief History:

Committee Activity:

Commerce & Gaming: 1/28/20, 2/3/20 [DPS].

Brief Summary of Substitute Bill

- Establishes the spirits, beer, and wine school-operated restaurant license to sell certain alcoholic beverages on the premises of a restaurant that is part of a course or training program for students of a postsecondary institution.
- Provides that a spirits, beer, and wine school-operated restaurant license may have lower hours of operation and complete meal requirements than provided under the spirits, beer, and wine restaurant license.
- Requires the Liquor and Cannabis Board to establish rules for the spirits, beer, and wine school-operated restaurant license related to certain food service requirements.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Peterson, Chair; Kloba, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel, Vick and Young.

Staff: Kyle Raymond (786-7190).

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.

Background:

The Liquor and Cannabis Board (LCB) issues various types of commercial liquor licenses, including those for beer and/or wine specialty shops, wineries, microbreweries, domestic breweries, restaurants, and nightclubs.

There are two licenses for retail sales of liquor at restaurants:

- a beer and/or wine restaurant license which allows for the sale of beer, strong beer, or wine for consumption on the premises; and
- a spirits, beer, and wine restaurant license which allows for the sale of spirits, beer, and wine by the individual glass for consumption on the premises, including mixed drinks and cocktails compounded or mixed on the premises.

In certain circumstances, the LCB may include special endorsements authorizing the sale of specified alcoholic beverages subject to specified conditions, or impose conditions or restrictions on a license. All conditions, restrictions, and endorsements issued by the LCB must be listed on the face of the license along with the trade name, address, and expiration date of the license. A licensee must post its license in a conspicuous place on the premises.

Spirits, beer, and wine restaurant licensees may obtain a written endorsement from the LCB for the sale of bottled wine, beer in kegs, and beer in growlers for off-premises consumption. In addition, licensees may obtain an endorsement to sell soju for on-premises consumption, subject to other restrictions. Spirits and bottles or cans of beer may not be sold for off-premises consumption.

For the spirits, beer, and wine restaurant license, licensees must serve complete meals and meet specific food service, kitchen equipment, and floor space requirements, as defined by the LCB in rule.

All spirits, beer, and wine licensees must establish that the premises will operate as a bona fide restaurant. The term "bona fide restaurant" means a business where the LCB can clearly determine that the primary purpose of the business is the service of complete meals.

By rule, the LCB requires spirits, beer, and wine restaurant licensees to serve at least eight complete meals. A complete meal is defined in rule as an entrée and at least one side dish. Side dishes are not required to be included with the entrée, however must be offered. The LCB may make an exception to the eight complete meal requirement on a case-by-case basis.

To obtain and maintain a spirits, beer, and wine restaurant license, the restaurant must be open to the public three days a week, at least five hours a day during the hours of 8:00 a.m. and 11:00 p.m.

Summary of Substitute Bill:

The bill establishes the spirits, beer, and wine school-operated restaurant license. Eligible licensees are authorized to sell individual glasses of liquor, beer, and wine at retail for on-

premises consumption, subject to restrictions. The license issuance and annual renewal fee is \$1,000.

A spirits, beer, and wine school-operated restaurant license may only be issued to postsecondary institutions who will use the license as part of a course or training program for students of the postsecondary institution.

The Liquor and Cannabis Board (LCB) is required to establish rules for the spirits, beer, and wine school-operated restaurant license. The food service requirements may include requirements to serve complete meals when open to the public, but may not require a spirits, beer, and wine school-operated restaurant licensee (licensee) to serve as many complete meals as the LCB requires under the spirits, beer, and wine restaurant license.

A licensee may establish its own hours of operation. A licensee must provide quarterly notification to the LCB of the licensee's hours of operation.

Except for the food service requirements above, the spirits, beer, and wine school-operated restaurant license provides licensees all the privileges and limitations of a spirits, beer, and wine restaurant license.

Licensees may obtain a written endorsement from the LCB for the sale of bottled wine, beer in kegs, and beer in growlers for off-premises consumption. In addition, licensees may obtain an endorsement to sell soju for on-premises consumption, subject to restrictions under the endorsement.

The same alcohol server training required under spirits, beer, and wine restaurant license apply to workers, students, and any person who engages in the sale or service of liquor under the spirits, beer, and wine school-operated restaurant license.

Substitute Bill Compared to Original Bill:

The substitute bill allows school-operated restaurant liquor licensees to obtain any endorsement under the spirits, beer, and wine restaurant liquor license, subject to the restrictions under the endorsement. A school-operated restaurant liquor licensee is required to provide quarterly notification to the Liquor and Cannabis Board of the licensee's hours of operation.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) South Puget Sound Community College (SPSCC) is coming up with amazing ideas to train and provide education to young people and adults. Students in the Culinary Arts Program (Program) at SPSCC have the opportunity operate a restaurant as a part of a course to get real hands-on experience under the Program, while providing some economic development to the local community. However, SPSCC needs a different license because it's not a typical restaurant that will be open enough hours to comply with current restaurant regulations. This bill creates a different kind of license that will allow SPSCC to operate this type of program.

This bill will help higher education institutions that have food, beverage, and hospitality programs better serve our students. Many programs currently teach Liquor and Cannabis Board (LCB) regulations. However, this bill would allow higher education institutions to provide students with a closely supervised lab experience, so students are better prepared for the workplace. Compliance with LCB guidelines and regulations can be complicated. Allowing colleges to operate restaurants and catering programs will greatly enhance students' ability to build skills on LCB compliance. This bill will allow students under close supervision of faculty and staff to acquire the skills to graduate and go directly into the workplace with more marketable skills in the growing hospitality sector. This is a training bill, and we don't believe it will further expand access to alcohol. Rather, this bill will allow colleges to add a lab experience to our training programs.

The LCB is in support of this bill. There are a couple of friendly technical revisions this bill needs. Language could be added that would require that a licensee notify the LCB of their hours of operation. The first part of the bill is limited to on-premises consumption. Later, the bill includes a provision to make the privileges parallel to the spirits, beer, and wine restaurant license, which requires an authorization for off-premises consumption. This limitation to on-premises consumption should be fixed in order to achieve the intent of the bill.

(Opposed) None.

Persons Testifying: Representative Doglio, prime sponsor; Tim Stokes, South Puget Sound Community College; and Chris Thompson, Liquor and Cannabis Board.

Persons Signed In To Testify But Not Testifying: None.