

SENATE BILL REPORT

SB 5417

As of February 8, 2021

Title: An act relating to extending certain privileges granted to liquor licensees to mitigate the impact of the coronavirus pandemic.

Brief Description: Extending certain privileges granted to liquor licensees to mitigate the impact of the coronavirus pandemic.

Sponsors: Senators King, Conway, Nguyen, Randall and Wilson, C.; by request of Liquor and Cannabis Board.

Brief History:

Committee Activity: Labor, Commerce & Tribal Affairs: 2/08/21.

Brief Summary of Bill

- Extends certain privileges granted to licensees during the COVID-19 pandemic.
- Directs the Liquor and Cannabis Board (LCB) to adopt or revise current rules relating to delivery documentation and age verification.
- Removes current requirement for wineries and breweries to have food available while sampling at farmers' markets.
- Directs LCB to study impacts of granted privileges with specific initiation and reporting dates.
- Appropriates \$150,000 for the study.
- Exempts certain sales of spirits mini-bottles from the spirits license issuance fee and certain spirits taxes.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

Staff: Matt Shepard-Koningsor (786-7627)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: Definitions. Liquor includes the following four varieties of liquor defined in statute—alcohol, spirits, wine, and beer, and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous, or malt liquor, or otherwise intoxicating; and every liquid, solid, semisolid, or other substance, patented or not, containing alcohol, spirits, wine, or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which contains more than 1 percent alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain 1 percent or less of alcohol by weight.

Licensee Privileges. As a result of the COVID-19 pandemic in Washington State, the Liquor and Cannabis Board (LCB) instituted certain temporary allowances to help licensees during the hardships posed by COVID-19. Specific allowances are applied by industry and accompanied by state guidance and requirements. Allowances exist for certain licensees such as adding or extending outside liquor service; selling pre-mixed cocktails for off-premises consumption; and selling liquor for curbside service and delivery.

Summary of Bill: Definitions. Growlers means sanitary containers brought to the premises by the purchaser or furnished by the licensee and filled by the retailer at the time of sale. Mini-bottles means original factory-sealed containers holding not more than 50 milliliters of a spirituous beverage.

Licensee Privilege Extension. Following LCB endorsement approval, the following licensees are allowed to sell alcohol for curbside takeout and delivery: restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; snack bars; nonprofit arts licensees; and caterers. Spirits, beer, and wine restaurant licensees are allowed to sell pre-mixed cocktails and cocktail kits for takeout or curbside service and delivery. For sales of cocktail kits, only mini-bottles may be sold.

Certain licensees previously authorized to sell growlers for on-premises consumption may sell growlers for off-premises consumption. Growler sales must comply with applicable federal requirements. Beer and wine specialty shops and domestic breweries and microbreweries may sell pre-filled growlers for off-premises consumption if sold the same day as prepared.

LCB must adopt or revise current rules for outdoor service of alcohol for specified licensees, which may include provisions for clear accountability in locations where multiple licensees use shared space for serving customers. These provisions expire on July 1, 2023.

Permanent Rule Changes. LCB must adopt or revise current rules to authorize licensees with a delivery endorsement to use a photograph or scanned identification instead of physical signature to document delivery and verify customer age. LCB must consider revising current rules to provide flexibility on requirements relating to paired food and alcohol sales.

Farmers' Market Food Service. The requirement that wineries and microbreweries must have food available for customers when sampling beer or wine at farmers' markets is removed.

Liquor Control Board Study. LCB must contract with an independent entity to conduct a one-year study of the impacts of privileges granted above. The study must examine relevant issues, such as:

- quantitative data relating to liquor sales, enforcement, alcohol-related hospital visits, underage drinking, and other issues related to alcohol use;
- qualitative data from licensees, law enforcement, behavioral health service providers, youth prevention and intervention specialists, and revenue stakeholders; and
- additional relevant issues.

The study must be started by January 1, 2022, and reported to the Legislature and Governor by December 1, 2022. The liquor revolving account is appropriated \$150,000 in the 2021-23 biennium to the LCB for the purposes of the study.

Fees and Taxes. Until the expiration date, mini-bottles sold with cocktail kits are exempt from the 17 percent spirits license issuance fee and spirits sales and liter taxes.

Tax Preference Exclusions. The tax exemption on spirits mini-bottles is exempt from provisions relating to expiration and performance statements on tax preferences.

Appropriation: The bill contains an appropriation totaling \$150,000 from the liquor revolving fund.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.