
Regulated Substances & Gaming Committee

HB 1375

Brief Description: Concerning liquor licensee privileges for the delivery of alcohol.

Sponsors: Representatives Reeves, Chambers and Reed.

Brief Summary of Bill

- Removes the July 1, 2023, expiration date for liquor license privileges that were temporarily codified in 2021 based on allowances the Liquor and Cannabis Board (LCB) provided during the COVID-19 pandemic.
- Creates a new alcohol delivery license (\$2,000 annual fee) to deliver alcoholic beverages from a business licensed by the LCB with a delivery endorsement to a person within Washington.
- Requires the LCB to create alcohol delivery endorsements (\$50) to certain liquor licenses and requires the delivery service conducted by a restaurant liquor licensee to be accompanied by a purchased meal prepared and sold by the license holder.
- Expands the class 12 alcohol server permit requirements to require an employee conducting alcohol deliveries for an alcohol delivery license holder or endorsement holder to have a class 12 permit and be 21 years of age or older before engaging in alcohol delivery.

Hearing Date: 1/26/23

Staff: Peter Clodfelter (786-7127).

Background:

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.

In 2021 the Legislature enacted E2SHB 1480 to temporarily codify liquor license privileges, similar to the allowances the Washington State Liquor and Cannabis Board (LCB) had temporarily provided to liquor licensees during the COVID-19 pandemic. The liquor license privileges have a July 1, 2023, expiration date.

Under the temporary privileges, licensees are required to obtain a no-cost endorsement to engage in the activities authorized by the temporary privileges. The temporary privileges include the ability for the following liquor licensees to sell alcohol products at retail for curbside service, takeout, and for delivery:

- beer and wine restaurants;
- spirits, beer, and wine restaurants;
- taverns;
- domestic wineries;
- domestic breweries and microbreweries;
- distilleries;
- snack bars;
- nonprofit arts licensees; and
- caterers.

The temporary privileges also authorize spirits, beer, and wine restaurant licensees to sell premixed alcohol drinks (cocktails) and cocktail kits for curbside service, takeout, and delivery, pursuant to rules the LCB may adopt. The sale of mini-bottles of spirits as part of cocktail kits are excluded from the spirits license issuance fee and spirits taxes while the temporary privileges are in effect. "Mini-bottles" are defined as original factory-sealed containers holding not more than 50 milliliters of a spiritous beverage.

Restaurant licensees are temporarily also authorized to sell wine by the glass and premixed wine drinks for curbside service, takeout, and delivery. Restaurant licensees who may sell spirits may also sell premixed wine and spirits cocktails for curbside service, takeout, and delivery. The LCB is granted rule-making authority to establish the manner in which wine by the glass and cocktails for off-premises consumption must be provided.

The temporary privileges provided greater flexibility for sales of growlers for off-premises consumption, and specified that wine specialty shops, domestic breweries, and microbreweries may sell prefilled growlers for off-premises consumption through curbside service, takeout, and delivery, if prefilled growlers are sold the same day they are prepared for sale and not stored overnight for sale on future days. "Growler" is defined as a sanitary container brought to the premises by the purchaser or furnished by the licensee and filled by the retailer at the time of sale.

The 2021 law requires that, upon delivery of any alcohol product authorized to be delivered under the temporary liquor privileges, the signature of the person age 21 or over receiving the delivery must be obtained.

The LCB was granted authority to adopt rules governing the manner in which all the new activities must be conducted. The LCB was also required to adopt rules to allow for outdoor service of alcohol by on-premises licensees holding specific on-premises liquor licenses. Additionally, the LCB was required to consider revising rules in order to provide greater flexibility regarding food service menu requirements that businesses holding a liquor license issued by the LCB must provide in conjunction with alcohol service. The LCB adopted rules in December 2021 updating food service menu requirements and providing temporary rules for outdoor alcohol service by on-premises licensees.

The LCB was required to contract with an independent entity to conduct a study of the impacts of the new privileges granted to businesses with liquor licenses. The LCB conducted a request for proposal and competitive bid process to select the vendor for the report, which was completed with findings and recommendations and available to the Legislature in December 2022.

Separate from the temporary liquor privileges, the LCB regulates a mandatory alcohol server education program and certifies training entities to provide class 12 permits to a manager or bartender who has successfully completed an LCB-certified course. A class 12 permit is for a manager or bartender selling or mixing alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility. There is also a class 13 permit available for a person who only serves alcohol, spirits, wines, or beer for consumption at an on-premises licensed facility.

Summary of Bill:

The July 1, 2023, expiration date of liquor license privileges provided by E2SHB 1480 (2021) is eliminated, to continue the privileges. A related July 1, 2023, expiration date for an exception from spirits taxes and the spirits license issuance fee on sales of mini-bottles of spirits as part of cocktail kits sold to-go by restaurants is also eliminated, to continue the policy of not subjecting these sales to spirits taxes or the spirits retail license issuance fee.

A definition of "delivery" is added to liquor statutes. "Delivery" means the transportation of alcohol to an individual located within Washington from a licensed location holding an alcohol delivery endorsement as part of a to go order. "Delivery" does not include services provided by common carriers.

An alcohol delivery license is created authorizing the delivery of spirits, beer, and wine from a business licensed by the Washington State Liquor and Cannabis Board (LCB) with an endorsement for alcohol delivery. The annual license fee is \$2,000. Employees of an alcohol delivery license holder must hold a class 12 alcohol server permit before engaging in the delivery of alcohol.

The LCB is required to create an alcohol delivery endorsement (\$50) to the following licenses:

- beer and wine restaurant license;
- spirits, beer, and wine restaurant license;

- tavern license;
- domestic winery license;
- domestic brewery license;
- microbrewery license;
- distillery license; and
- craft distillery license.

Delivery services conducted by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees must be accompanied by a purchased meal prepared and sold by the license holder.

Alcohol delivery may be performed by employees of an alcohol delivery endorsement holder or a holder of an alcohol delivery license if the employees are at least 21 years of age and possesses a class 12 alcohol permit.

Appropriation: None.

Fiscal Note: Requested on 01/25/2023.

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