

HOUSE BILL REPORT

HB 1515

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to modernizing the regulation of alcohol service in public spaces.

Brief Description: Modernizing the regulation of alcohol service in public spaces.

Sponsors: Representatives Reed, Walen, Berry, Cortes, Peterson, Richards, Ryu, Macri, Hill and Scott.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/29/25, 2/19/25 [DPS].

Brief Summary of Substitute Bill

- Authorizes local jurisdictions to request, and the Liquor and Cannabis Board (LCB) to approve, certain expanded outdoor alcohol service activities for certain liquor licensees, through December 31, 2026, and subject to requirements.
- Authorizes certain designated local jurisdictions to request, and the LCB to approve, certain expanded outdoor and indoor alcohol service activities during a limited number of events in approved areas through December 31, 2027, and subject to requirements.
- Creates, temporarily, a special community event liquor license, temporarily modifies the caterer's license, and requires a public engagement review and reports.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 14 members: Representatives Walen, Chair; McClintock, Ranking Minority

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.

Member; Dufault, Assistant Ranking Minority Member; Abbarno, Berry, Corry, Donaghy, Fosse, Morgan, Reeves, Ryu, Santos, Steele and Volz.

Minority Report: Without recommendation. Signed by 1 member: Representative Kloba.

Staff: Peter Clodfelter (786-7127).

Background:

Outdoor and Indoor Alcohol Service.

The Liquor and Cannabis Board's (LCB's) current rules regulate alcohol service in private spaces and public spaces by certain liquor licensees. Under the LCB's current rules, for outdoor alcohol service in public spaces, a licensee must request approval from the LCB's licensing division and meet the following requirements:

- The licensed business must have a permit from their local jurisdiction allowing the business to use the public space as a service area.
- The licensee must have a building that provides indoor dining or production in order to qualify for an outdoor alcohol service area.
- The outdoor alcohol service area must be enclosed with a permanent or movable barrier with a minimum of 42 inches in height, except that licensees with outdoor alcohol service areas contiguous to the licensed premises may use a permanent fence-free demarcation instead of a permanent or movable barrier with a minimum of 42 inches in height. However, this exception does not apply to beer gardens, standing-room-only venues, and permitted special events.
- Openings into and out of the outdoor alcohol service area may not exceed 10 feet and, if there is more than one opening along one side, the total combined opening may not exceed 10 feet.
- The outdoor alcohol service area must have an attendant, waitstaff, or server dedicated to the area when patrons are present.
- If there are food service requirements for the licensee, then the required food service must be available in any outdoor alcohol service area.

For multiple licensees to share an outdoor alcohol service area, the licensees must request approval from the LCB's licensing division and meet requirements including:

- The licensees' property parcels or buildings must be located in direct physical proximity to one another.
- If the shared outdoor alcohol service area is located on public space, the licensees sharing the space must meet all requirements for outdoor alcohol service in public spaces and shared use of the outdoor service area must be authorized by the licensees' local jurisdiction permits.
- The licensees must maintain separate storage of products and separate financial records for the shared outdoor alcohol service area.
- The licensees must use distinctly marked glassware or serving containers to identify the source of any alcohol product being consumed.

- The licensees must complete an operating plan for the shared outdoor alcohol service area.
- A licensee may not permit the removal of alcohol in an open container, except to reenter the licensed premises where the alcohol was purchased.
- If multiple licensees use a shared outdoor alcohol service area, all participating licensees are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action.

Caterer's License.

The caterer's license allows the sale of spirits, beer, and wine, by the individual serving, at retail, for consumption on the premises at an event location that is owned, leased, or operated either by the caterer or the sponsor of the event for which catering services are being provided. If the event is open to the public, it must be sponsored by a society or organization, which is defined to include certain nonprofit organizations and a local wine industry association. The licensee must serve food as required by the rules of the LCB.

Opening or Consuming Liquor in Public.

Except as permitted by law, it is a class 3 civil infraction for a person to open a package containing liquor or consume liquor in a public place.

Summary of Substitute Bill:

Expanded Outdoor Alcohol Service.

Through December 31, 2026, a city, town, county, or port authority may request, and the LCB may approve, expanded outdoor alcohol service for liquor licensees within the whole jurisdiction or within a specific area or areas of the jurisdiction. If requested by a county, the approval may only be for unincorporated areas of the county.

For authorized licensees who have requested approval from and been authorized by the LCB's licensing division to conduct outdoor alcohol service, and who are located within an area of a city, town, county, or port authority that has been approved by the LCB for expanded outdoor alcohol service, the following authorizations and requirements apply:

- All outdoor alcohol service areas may be enclosed, at the licensee's discretion, by means of a permanent or movable barrier or by means of a permanent fence-free demarcation.
- For an outdoor alcohol service area enclosed by means of a permanent or movable barrier of a minimum height specified by the LCB, the permanent or movable barrier is not required to meet minimum height requirements on sloped site conditions.
- The openings into and out of an outdoor alcohol service area may be up to a maximum distance apart as determined appropriate by the applicable local jurisdiction.
- Licensees may share use of an outdoor alcohol service area with other licensees and

licensees may share use of an outdoor alcohol service area with businesses that do not engage in the sale or service of alcohol, subject to requirements.

- An employee of the licensee must be assigned to, but is not required to be in, the outdoor alcohol service area at all times that patrons are present.
- A direct line of sight is not required from inside the licensed premises to the outdoor alcohol service area.

The authorization is available to the following liquor licensees: beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; and snack bars.

A city, town, county, or port authority that requests and is approved for this type of expanded outdoor alcohol service must provide, and document the provision of:

- adequate local resources, including law enforcement patrols in the area, during times that outdoor alcohol service is offered, to ensure safe operations of activities and the safety of the community; and
- services to keep the area of the jurisdiction in which the activities occur clean and free of litter or other remnants of the use of public spaces for expanded outdoor alcohol service.

Events in Certain Local Government Jurisdictions.

A city, town, county, or port authority that is designated as a fan zone or a host city by an international self-governing regulatory body of a sports association, or a nonprofit organization authorized by such an entity may request, and the LCB may approve, expanded alcohol service during events in an area or areas of the jurisdiction. No more than 50 events per year, up to seven of which may be multiday events, may be authorized for each individual local government jurisdiction.

Expanded Alcohol Service Areas. Multiple licensees located in an area or areas of a jurisdiction that has been approved by the LCB may share an alcohol service area encompassing the entire approved area or areas or part of the approved area or areas, during an event, so long as:

- the LCB approves of the event perimeter enclosing the alcohol service area;
- security and physical barriers are provided at all entry points to the event;
- the local jurisdiction through a designated official notifies the LCB within a minimum time required by the LCB before the event begins;
- signage is conspicuously posted during the event notifying the public that the area is in use as an expanded alcohol service area and public notice of the upcoming use of the area as an expanded alcohol service area was conspicuously posted at least seven days in advance; and
- all participating licensees submit a joint operating plan to the LCB for approval.

At the LCB's discretion, violations of the notice requirements can be cause for denial of approval of events, and violations of the signage requirements can also be cause for denial

of a license of the participating licensees or denial of participation in future events.

Shared Indoor Alcohol Service Area. Multiple licensees located in an area or areas of a city, town, county, or port authority that have been approved may share an indoor alcohol service area at certain times authorized by the local jurisdiction through a designated official, so long as:

- the local jurisdiction through a designated official notifies the LCB at least seven days in advance of the date licensees intend to begin operating the shared indoor alcohol service area;
- the local jurisdiction ensures security and physical barriers are provided at all entry points to the indoor alcohol service area; and
- the licensees submit a joint operating plan to the LCB for approval.

If multiple licensees share an alcohol service area, all participating licensees are jointly responsible for any violation or enforcement issues unless it can be demonstrated that the violation or enforcement issue was due to one or more licensee's specific conduct or action, in which case the violation or enforcement applies only to those identified licensees.

During the times a licensee is operating at an event in an approved area or areas of a local jurisdiction, the licensee may:

- operate without a permit from their local jurisdiction that may otherwise be required to allow the business to use the public space as an alcohol service area;
- share an alcohol service area with another licensee without individually requesting approval from the LCB's licensing division, regardless of whether the licensees' property parcels or buildings are located in direct physical proximity to one another; and
- sell and serve alcohol to customers from an alcohol service area without offering food service menu options, except that any required food service must still be provided within the licensed premises, and in any preexisting alcohol service area operated by the licensee under the LCB's rules that does not rely on the authorization in this section, if the preexisting alcohol service area remains in place during an event.

The authorization is available to: beer and wine restaurants; spirits, beer, and wine restaurants; taverns; domestic wineries; domestic breweries and microbreweries; distilleries; snack bars; and special community event licensees.

Additionally, a caterer's license must be issued to an eligible applicant for an event open to the public and held in an approved area or areas of a local jurisdictions, even if the sponsor of the event for which catering services are being provided is a for-profit business.

Special Community Event License.

A new retailer's license is temporarily created, designated a special community event license, to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, at a specified

date and place, for a fee of \$60 per day. A license is available only for the holder to operate during events in an area or areas of certain local jurisdictions approved by the LCB. The not-for-profit society or organization is not limited in the number of calendar days per year of sales under the license.

The licensee may sell spirits, beer, and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the LCB before the event. Sales, service, and consumption of spirits, beer, and wine is allowed in all alcohol service areas at approved events, including an alcohol service area encompassing the entire area or areas of the local jurisdiction approved by the LCB.

Violations by a special community event licensee are a class 1 civil infraction. However, at the LCB's discretion, repeat violations within a two-year period can be cause for denial of a license or participation in future events.

Liquor and Cannabis Board Rules.

The LCB must adopt or revise rules to allow for outdoor service of alcohol by certain licensees to be consistent with the new authorizations and license. The LCB's rule-making authority is extended to include imposing reasonable requirements on licensees' operations of alcohol service areas and the sale, service, and consumption of alcohol.

Opening or Consuming Liquor in Public.

An exclusion to the prohibition on opening a package containing liquor or consuming liquor in a public place is added for the new authorized activities.

Public Engagement Review and Reports.

By September 1, 2026, a city, town, county, or port authority that has requested and been approved by the LCB for expanded alcohol service, and that uses the authorization, must conduct a public engagement review by contacting local organizations, individual residents, businesses, and others in the local community where expanded alcohol sales and service occurred or is occurring, to gain a balanced understanding of how the activities were or are being experienced by people in the community. The public engagement review must include an examination of:

- whether adequate local resources, including law enforcement patrols in the area, were or are provided during times that expanded alcohol service was or is offered, to ensure community safety;
- whether services were or are provided to keep the area of the jurisdiction in which the activities occurred or are occurring clean and free of litter or other remnants of the use of public spaces for expanded alcohol service; and
- the costs and benefits to the community of expanded alcohol sales and service perceived by residents throughout the community.

A local jurisdiction conducting a review must submit the results in a report to the LCB by September 1, 2026. The LCB must review the information received from local jurisdictions

and information about complaints and enforcement activities associated with expanded alcohol service. By January 1, 2027, the LCB must report to the Legislature and the Governor describing the outcomes of authorized activities, information received from local jurisdictions, and policy options for extending, modifying, or allowing the expiration of the authorization for expanded alcohol service in public spaces.

Substitute Bill Compared to Original Bill:

Compared to the original bill, the substitute bill:

- adds expiration dates of December 31, 2026, and December 31, 2027, to the authorizations for expanded alcohol service;
- adds port authorities to the eligible governments and removes private clubs from the authorized licensees who may participate;
- modifies the temporary authorization for enclosing outdoor alcohol service areas by means of a permanent or movable barrier or a permanent fence-free demarcation, including related to sloped site conditions;
- requires a local jurisdiction that requests and is approved for certain expanded outdoor alcohol service activities to provide, and document the provision of: (1) adequate local resources, including law enforcement patrols in the area, during times that expanded outdoor alcohol service is offered; and (2) services to keep the area of the jurisdiction in which the activities occur clean and free of litter or other remnants of the use of public spaces for expanded outdoor alcohol service;
- authorizes local jurisdictions that are designated as a fan zone or host city by an international self-regulatory governing body of a sports association, or by a nonprofit organization authorized by such an entity, to apply to the LCB for expanded alcohol service privileges during events in an area or areas of the jurisdiction, instead of only authorizing cities with a population of more than 400,000 to apply to the LCB for these privileges during events on a publicly owned civic campus;
- limits local jurisdictions eligible for expanded alcohol service at events to no more than 50 events per year, up to seven of which may be multiday events;
- authorizes holders of the caterer's liquor license and the new special community event liquor license to operate at these events in certain cities, towns, counties, and port authorities, instead of at events on a publicly owned civic campus in a city with a population of more than 400,000;
- adds signage requirements;
- adds a requirement to the special community event license that alcohol sold for off-premises consumption may not be opened or consumed within the publicly owned civic campus;
- removes a proposed privilege for the special community event license to sell wine in original containers for on-premises consumption;
- grants the LCB discretion to deny a special community event license or a licensee's participation in future events for repeat violations; and
- adds a requirement for local governments to conduct a public engagement review process and complete reports related to the temporary authorization and activities.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 21, 2025.

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) The goal is to increase the oversight and enhance the public experience people have while at city centers during events and for outdoor dining. This will help prepare Washington for hosting the 2026 World Cup. There is intent to turn some neighborhoods into pedestrian areas, and for breweries to be able to share outdoor dining areas during that experience. A pilot program showed that when people were allowed to move more freely around Seattle Center's Campus with adult beverages, consumption actually decreased, and there were no incidents of underage drinking. Currently, the structure of beer gardens and confined alcohol service areas at festivals can incentivize drinking too much too quickly because a person's family or group might be outside the demarcation zone, or a person may want to go to another part of the campus. There are also public safety concerns with large crowds being enclosed behind barriers if the need arises for people to quickly move to safety. Seattle Center has a unique experience hosting large-scale events over the last 60 years, with strong relationships with local police and state regulators, making it suited for the expanded privileges related to alcohol sales and service during events. This will update and modernize how alcohol service is provided and regulated on a publicly owned civic campus. Public safety will be improved, as will pedestrian flow. The joint operation plan will ensure adequate staffing and safety. There is intent to include an expiration date for the bill to allow a city to use the authorization for several additional events following the 2026 World Cup after investing the time and resources to develop and collaborate on an operating plan. Street cafes were an important part of neighborhood business operations in recent years, and public surveys since the COVID-19 pandemic show broad support for the continuation of street cafes and outdoor dining. Current regulations lack the flexibility to ensure outdoor dining continues to thrive. Fence-free dining will reduce businesses' costs, allow space to be maximized, and enable businesses to create a more inviting space. Economic development and tourism will be promoted. Additional fan zones should be added to the bill's authorization. Examining the population threshold and eligibility for local governments would be useful, so the whole state is included. The Legislature should also consider changing the joint liability provisions. Some ports are identified as future sites for fan zones and would like the opportunity to engage with the LCB and participate with other local government jurisdictions.

(Opposed) The bill being partially limited to certain jurisdictions and the intent to add a sunset clause are appreciated, but there are concerns over expanded alcohol access. Alcohol outlet density is associated with increased alcohol use for adults and youth, drunk driving, and other crimes, hospital admissions, health problems. The bill would open a large party

area at a family event. Washington already struggles with a high rate of teenage drinking. Normalizing alcohol consumption will negatively impact youth at these events.

Persons Testifying: (In support) Representative Julia Reed, prime sponsor; Marshall Foster, Seattle Center; Gloria Connors, Bumbershoot and FIFA Fan Festival; Sean DeWitz, Washington Hospitality Association; Daniel Olson, Washington Brewers Guild; Josh McDonald, Washington Wine Institute; Mike Stewart, Ballard Alliance; and Eric ffitich, Washington Public Ports Association.

(Opposed) Megan Moore, WA State Public Health Association.

Persons Signed In To Testify But Not Testifying: None.