

Representative Gage Froerer proposes the following substitute bill:

ALCOHOL AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gage Froerer

Senate Sponsor: J. Stuart Adams

LONG TITLE

General Description:

This bill modifies the Alcoholic Beverage Control Act to make other changes related to licensing.

Highlighted Provisions:

This bill:

- ▶ expands conditional licenses and modifies the time period for conditional licenses;
- ▶ addresses operational requirements for restaurants;
- ▶ addresses quota numbers for club licenses and reception centers;
- ▶ addresses guests of fraternal clubs;
- ▶ addresses advertising by an equity or fraternal club; and
- ▶ makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2013.

Utah Code Sections Affected:

AMENDS:

32B-2-202, as last amended by Laws of Utah 2012, Chapter 365



- 26 **32B-5-205**, as enacted by Laws of Utah 2010, Chapter 276
 - 27 **32B-6-205**, as last amended by Laws of Utah 2011, Chapters 307 and 334
 - 28 **32B-6-305**, as last amended by Laws of Utah 2011, Chapters 307 and 334
 - 29 **32B-6-403**, as last amended by Laws of Utah 2011, Second Special Session, Chapter 2
 - 30 **32B-6-407**, as last amended by Laws of Utah 2011, Chapter 297
 - 31 **32B-6-803**, as enacted by Laws of Utah 2011, Chapter 334
 - 32 **32B-6-905**, as enacted by Laws of Utah 2011, Chapter 334
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34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **32B-2-202** is amended to read:

36 **32B-2-202. Powers and duties of the commission.**

37 (1) The commission shall:

38 (a) consistent with the policy established by the Legislature by statute, act as a general
39 policymaking body on the subject of alcoholic product control;

40 (b) adopt and issue policies, rules, and procedures;

41 (c) set policy by written rules that establish criteria and procedures for:

42 (i) issuing, denying, not renewing, suspending, or revoking a package agency, license,
43 permit, or certificate of approval; and

44 (ii) determining the location of a state store, package agency, or retail licensee;

45 (d) decide within the limits, and under the conditions imposed by this title, the number
46 and location of state stores, package agencies, and retail licensees in the state;

47 (e) issue, deny, suspend, revoke, or not renew the following package agencies, licenses,
48 permits, or certificates of approval for the purchase, storage, sale, offer for sale, furnishing,
49 consumption, manufacture, and distribution of an alcoholic product:

50 (i) a package agency;

51 (ii) a full-service restaurant license;

52 (iii) a limited-service restaurant license;

53 (iv) a club license;

54 (v) an airport lounge license;

55 (vi) an on-premise banquet license;

56 (vii) a resort license, under which four or more sublicenses may be included;

- 57 (viii) an on-premise beer retailer license;
- 58 (ix) a reception center license;
- 59 (x) a beer-only restaurant license;
- 60 (xi) subject to Subsection (4), a single event permit;
- 61 (xii) subject to Subsection (4), a temporary beer event permit;
- 62 (xiii) a special use permit;
- 63 (xiv) a manufacturing license;
- 64 (xv) a liquor warehousing license;
- 65 (xvi) a beer wholesaling license; and
- 66 (xvii) one of the following that holds a certificate of approval:
- 67 (A) an out-of-state brewer;
- 68 (B) an out-of-state importer of beer, heavy beer, or flavored malt beverages; and
- 69 (C) an out-of-state supplier of beer, heavy beer, or flavored malt beverages;
- 70 (f) in accordance with Section 32B-5-205, issue, deny, suspend, or revoke ~~[one of the~~
- 71 ~~following]~~ conditional licenses for the purchase, storage, sale, furnishing, consumption,
- 72 manufacture, and distribution of an alcoholic product[:];
- 73 ~~[(i) a conditional full-service restaurant license; or]~~
- 74 ~~[(ii) a conditional limited-service restaurant license;]~~
- 75 (g) prescribe the duties of the department in assisting the commission in issuing a
- 76 package agency, license, permit, or certificate of approval under this title;
- 77 (h) to the extent a fee is not specified in this title, establish a fee allowed under this title
- 78 in accordance with Section 63J-1-504;
- 79 (i) fix prices at which liquor is sold that are the same at all state stores, package
- 80 agencies, and retail licensees;
- 81 (j) issue and distribute price lists showing the price to be paid by a purchaser for each
- 82 class, variety, or brand of liquor kept for sale by the department;
- 83 (k) (i) require the director to follow sound management principles; and
- 84 (ii) require periodic reporting from the director to ensure that:
- 85 (A) sound management principles are being followed; and
- 86 (B) policies established by the commission are being observed;
- 87 (l) (i) receive, consider, and act in a timely manner upon the reports, recommendations,

88 and matters submitted by the director to the commission; and

89 (ii) do the things necessary to support the department in properly performing the
90 department's duties;

91 (m) obtain temporarily and for special purposes the services of an expert or person
92 engaged in the practice of a profession, or a person who possesses a needed skill if:

93 (i) considered expedient; and

94 (ii) approved by the governor;

95 (n) prescribe the conduct, management, and equipment of premises upon which an
96 alcoholic product may be stored, sold, offered for sale, furnished, or consumed;

97 (o) make rules governing the credit terms of beer sales within the state to retail
98 licensees; and

99 (p) in accordance with Chapter 3, Disciplinary Actions and Enforcement Act, take
100 disciplinary action against a person subject to administrative action.

101 (2) Consistent with the policy established by the Legislature by statute, the power of the
102 commission to do the following is plenary, except as otherwise provided by this title, and not
103 subject to review:

104 (a) establish a state store;

105 (b) issue authority to act as a package agent or operate a package agency; and

106 (c) issue or deny a license, permit, or certificate of approval.

107 (3) If the commission is authorized or required to make a rule under this title, the
108 commission shall make the rule in accordance with Title 63G, Chapter 3, Utah Administrative
109 Rulemaking Act.

110 (4) Notwithstanding Subsections (1)(e)(xi) and (xii), the director or deputy director
111 may issue an event permit in accordance with Chapter 9, Event Permit Act.

112 Section 2. Section **32B-5-205** is amended to read:

113 **32B-5-205. Conditional retail license.**

114 (1) As used in this section:

115 (a) "Conditional retail license" means a retail license that:

116 [~~(i) is for one of the following:~~]

117 [~~(A) a full-service restaurant license; or~~]

118 [~~(B) a limited-service restaurant license;~~]

119 [(i)] (i) conditions the holder's ability to sell, offer for sale, furnish, or allow the
120 consumption of an alcoholic product on its licensed premises on the person submitting to the
121 department a copy of the holder's current business license before obtaining a valid retail
122 license; and

123 [(ii)] (ii) provides that the holder will be issued a valid retail license if the holder
124 complies with the requirements of Subsection (3).

125 (b) "Valid retail license" means a retail license issued pursuant to this part under which
126 the holder is permitted to sell, offer for sale, furnish, or allow the consumption of an alcoholic
127 product on its licensed premises.

128 (2) Subject to the requirements of this section, the commission may issue a conditional
129 retail license to a person if the person:

130 (a) meets the requirements to obtain the retail license for which the person is applying
131 except the requirement to submit a copy of the person's current business license; and

132 (b) agrees not to sell, offer for sale, furnish, or allow the consumption of an alcoholic
133 product on its licensed premises before obtaining a valid retail license.

134 (3) (a) A conditional retail license becomes a valid retail license on the day on which
135 the department notifies the person who holds the conditional retail license that the department
136 finds that the person has complied with Subsection (3)(b).

137 (b) For a conditional retail license to become a valid retail license, a person who holds
138 the conditional retail license shall:

139 (i) submit to the department a copy of the person's current business license; and

140 (ii) provide to the department evidence satisfactory to the department that:

141 (A) there has been no change in the information submitted to the commission as part of
142 the person's application for a retail license; and

143 (B) the person continues to qualify for the retail license.

144 (4) A conditional retail license expires [~~six~~] 12 months after the day on which the
145 commission issues the conditional retail license, unless the conditional retail license becomes a
146 valid retail license before that day.

147 Section 3. Section **32B-6-205** is amended to read:

148 **32B-6-205. Specific operational requirements for a full-service restaurant license.**

149 (1) (a) In addition to complying with Chapter 5, Part 3, Retail Licensee Operational

150 Requirements, a full-service restaurant licensee and staff of the full-service restaurant licensee
151 shall comply with this section.

152 (b) Failure to comply as provided in Subsection (1)(a) may result in disciplinary action
153 in accordance with Chapter 3, Disciplinary Actions and Enforcement Act, against:

154 (i) a full-service restaurant licensee;

155 (ii) individual staff of a full-service restaurant licensee; or

156 (iii) both a full-service restaurant licensee and staff of the full-service restaurant
157 licensee.

158 (2) In addition to complying with Subsection 32B-5-301(3), a full-service restaurant
159 licensee shall display in a prominent place in the restaurant a list of the types and brand names
160 of liquor being furnished through the full-service restaurant licensee's calibrated metered
161 dispensing system.

162 (3) In addition to complying with Section 32B-5-303, a full-service restaurant licensee
163 shall store an alcoholic product in a storage area described in Subsection (12)(a).

164 (4) (a) An individual who serves an alcoholic product in a full-service restaurant
165 licensee's premises shall make a written beverage tab for each table or group that orders or
166 consumes an alcoholic product on the premises.

167 (b) A beverage tab required by this Subsection (4) shall list the type and amount of an
168 alcoholic product ordered or consumed.

169 (5) A person's willingness to serve an alcoholic product may not be made a condition
170 of employment as a server with a full-service restaurant licensee.

171 (6) (a) A full-service restaurant licensee may not sell, offer for sale, or furnish liquor at
172 the licensed premises on any day during the period that:

173 (i) begins at midnight; and

174 (ii) ends at 11:29 a.m.

175 (b) A full-service restaurant licensee may sell, offer for sale, or furnish beer during the
176 hours specified in Part 7, On-premise Beer Retailer License, for an on-premise beer retailer,
177 except that a full-service restaurant licensee may not sell, offer for sale, or furnish beer before
178 11:30 a.m. on any day.

179 (7) A full-service restaurant licensee shall maintain at least 70% of its total restaurant
180 business from the sale of food, which does not include:

181 (a) mix for an alcoholic product; or

182 (b) a service charge.

183 (8) (a) A full-service restaurant licensee may not sell, offer for sale, or furnish an
184 alcoholic product except [~~in connection with an order for~~] to a patron who has indicated an
185 intent to order food prepared, sold, and furnished at the licensed premises.

186 (b) A full-service restaurant licensee shall maintain on the licensed premises adequate
187 culinary facilities for food preparation and dining accommodations.

188 (9) (a) Subject to the other provisions of this Subsection (9), a patron may not have
189 more than two alcoholic products of any kind at a time before the patron.

190 (b) A patron may not have more than one spirituous liquor drink at a time before the
191 patron.

192 (c) An individual portion of wine is considered to be one alcoholic product under
193 Subsection (9)(a).

194 (10) A patron may consume an alcoholic product only:

195 (a) at:

196 (i) the patron's table;

197 (ii) a counter; or

198 (iii) a seating grandfathered bar structure; and

199 (b) where food is served.

200 (11) (a) A full-service restaurant licensee may not sell, offer for sale, or furnish an
201 alcoholic product to a patron, and a patron may not consume an alcoholic product at a bar
202 structure that is not a seating grandfathered bar structure.

203 (b) At a seating grandfathered bar structure a patron who is 21 years of age or older
204 may:

205 (i) sit;

206 (ii) be furnished an alcoholic product; and

207 (iii) consume an alcoholic product.

208 (c) Except as provided in Subsection (11)(d), at a seating grandfathered bar structure a
209 full-service restaurant licensee may not permit a minor to, and a minor may not:

210 (i) sit; or

211 (ii) consume food or beverages.

212 (d) (i) A minor may be at a seating grandfathered bar structure if the minor is employed
213 by a full-service restaurant licensee:

214 (A) as provided in Subsection 32B-5-308(2); or

215 (B) to perform maintenance and cleaning services during an hour when the full-service
216 restaurant licensee is not open for business.

217 (ii) A minor may momentarily pass by a seating grandfathered bar structure without
218 remaining or sitting at the bar structure en route to an area of a full-service restaurant licensee's
219 premises in which the minor is permitted to be.

220 (12) Except as provided in Subsection 32B-5-307(3), a full-service restaurant licensee
221 may dispense an alcoholic product only if:

222 (a) the alcoholic product is dispensed from:

223 (i) a grandfathered bar structure;

224 (ii) an area adjacent to a grandfathered bar structure that is visible to a patron sitting at
225 the grandfathered bar structure if that area is used to dispense an alcoholic product as of May
226 12, 2009; or

227 (iii) an area that is:

228 (A) separated from an area for the consumption of food by a patron by a solid,
229 translucent, permanent structural barrier such that the facilities for the storage or dispensing of
230 an alcoholic product are:

231 (I) not readily visible to a patron; and

232 (II) not accessible by a patron; and

233 (B) apart from an area used:

234 (I) for dining;

235 (II) for staging; or

236 (III) as a lobby or waiting area;

237 (b) the full-service restaurant licensee uses an alcoholic product that is:

238 (i) stored in an area described in Subsection (12)(a); or

239 (ii) in an area not described in Subsection (12)(a) on the licensed premises and:

240 (A) immediately before the alcoholic product is dispensed it is in an unopened
241 container;

242 (B) the unopened container is taken to an area described in Subsection (12)(a) before it

243 is opened; and

244 (C) once opened, the container is stored in an area described in Subsection (12)(a); and

245 (c) any instrument or equipment used to dispense alcoholic product is located in an
246 area described in Subsection (12)(a).

247 (13) A full-service restaurant licensee may state in a food or alcoholic product menu a
248 charge or fee made in connection with the sale, service, or consumption of liquor including:

249 (a) a set-up charge;

250 (b) a service charge; or

251 (c) a chilling fee.

252 Section 4. Section **32B-6-305** is amended to read:

253 **32B-6-305. Specific operational requirements for a limited-service restaurant**
254 **license.**

255 (1) (a) In addition to complying with Chapter 5, Part 3, Retail Licensee Operational
256 Requirements, a limited-service restaurant licensee and staff of the limited-service restaurant
257 licensee shall comply with this section.

258 (b) Failure to comply as provided in Subsection (1)(a) may result in disciplinary action
259 in accordance with Chapter 3, Disciplinary Actions and Enforcement Act, against:

260 (i) a limited-service restaurant licensee;

261 (ii) individual staff of a limited-service restaurant licensee; or

262 (iii) both a limited-service restaurant licensee and staff of the limited-service restaurant
263 licensee.

264 (2) (a) A limited-service restaurant licensee on the licensed premises may not sell, offer
265 for sale, furnish, or allow consumption of:

266 (i) spirituous liquor; or

267 (ii) a flavored malt beverage.

268 (b) A product listed in Subsection (2)(a) may not be on the premises of a
269 limited-service restaurant licensee except for use:

270 (i) as a flavoring on a dessert; and

271 (ii) in the preparation of a flaming food dish, drink, or dessert.

272 (3) In addition to complying with Section 32B-5-303, a limited-service restaurant
273 licensee shall store an alcoholic product in a storage area described in Subsection (12)(a).

274 (4) (a) An individual who serves an alcoholic product in a limited-service restaurant
275 licensee's premises shall make a written beverage tab for each table or group that orders or
276 consumes an alcoholic product on the premises.

277 (b) A beverage tab required by this Subsection (4) shall list the type and amount of an
278 alcoholic product ordered or consumed.

279 (5) A person's willingness to serve an alcoholic product may not be made a condition
280 of employment as a server with a limited-service restaurant licensee.

281 (6) (a) A limited-service restaurant licensee may not sell, offer for sale, or furnish wine
282 or heavy beer at the licensed premises on any day during the period that:

283 (i) begins at midnight; and

284 (ii) ends at 11:29 a.m.

285 (b) A limited-service restaurant licensee may sell, offer for sale, or furnish beer during
286 the hours specified in Part 7, On-premise Beer Retailer License, for an on-premise beer retailer,
287 except that a limited-service restaurant licensee may not sell, offer for sale, or furnish beer
288 before 11:30 a.m. on any day.

289 (7) A limited-service restaurant licensee shall maintain at least 70% of its total
290 restaurant business from the sale of food, which does not include a service charge.

291 (8) (a) A limited-service restaurant licensee may not sell, offer for sale, or furnish an
292 alcoholic product except [~~in connection with an order for~~] to a patron who has indicated an
293 intent to order food prepared, sold, and furnished at the licensed premises.

294 (b) A limited-service restaurant licensee shall maintain on the licensed premises
295 adequate culinary facilities for food preparation and dining accommodations.

296 (9) (a) Subject to the other provisions of this Subsection (9), a patron may not have
297 more than two alcoholic products of any kind at a time before the patron.

298 (b) An individual portion of wine is considered to be one alcoholic product under
299 Subsection (9)(a).

300 (10) A patron may consume an alcoholic product only:

301 (a) at:

302 (i) the patron's table;

303 (ii) a counter; or

304 (iii) a seating grandfathered bar structure; and

305 (b) where food is served.

306 (11) (a) A limited-service restaurant licensee may not sell, offer for sale, or furnish an
307 alcoholic product to a patron, and a patron may not consume an alcoholic product at a bar
308 structure that is not a seating grandfathered bar structure.

309 (b) At a seating grandfathered bar structure a patron who is 21 years of age or older
310 may:

311 (i) sit;

312 (ii) be furnished an alcoholic product; and

313 (iii) consume an alcoholic product.

314 (c) Except as provided in Subsection (11)(d), at a seating grandfathered bar structure a
315 limited-service restaurant licensee may not permit a minor to, and a minor may not:

316 (i) sit; or

317 (ii) consume food or beverages.

318 (d) (i) A minor may be at a seating grandfathered bar structure if the minor is employed
319 by a limited-service restaurant licensee:

320 (A) as provided in Subsection 32B-5-308(2); or

321 (B) to perform maintenance and cleaning services during an hour when the
322 limited-service restaurant licensee is not open for business.

323 (ii) A minor may momentarily pass by a seating grandfathered bar structure without
324 remaining or sitting at the bar structure en route to an area of a limited-service restaurant
325 licensee's premises in which the minor is permitted to be.

326 (12) Except as provided in Subsection 32B-5-307(3), a limited-service restaurant
327 licensee may dispense an alcoholic product only if:

328 (a) the alcoholic product is dispensed from:

329 (i) a grandfathered bar structure;

330 (ii) an area adjacent to a grandfathered bar structure that is visible to a patron sitting at
331 the grandfathered bar structure if that area is used to dispense an alcoholic product as of May
332 12, 2009; or

333 (iii) an area that is:

334 (A) separated from an area for the consumption of food by a patron by a solid,
335 translucent, permanent structural barrier such that the facilities for the storage or dispensing of

336 an alcoholic product are:

337 (I) not readily visible to a patron; and

338 (II) not accessible by a patron; and

339 (B) apart from an area used:

340 (I) for dining;

341 (II) for staging; or

342 (III) as a lobby or waiting area;

343 (b) the limited-service restaurant licensee uses an alcoholic product that is:

344 (i) stored in an area described in Subsection (12)(a); or

345 (ii) in an area not described in Subsection (12)(a) on the licensed premises and:

346 (A) immediately before the alcoholic product is dispensed it is in an unopened

347 container;

348 (B) the unopened container is taken to an area described in Subsection (12)(a) before it
349 is opened; and

350 (C) once opened, the container is stored in an area described in Subsection (12)(a); and

351 (c) any instrument or equipment used to dispense alcoholic product is located in an
352 area described in Subsection (12)(a).

353 (13) A limited-service restaurant licensee may state in a food or alcoholic product
354 menu a charge or fee made in connection with the sale, service, or consumption of wine or
355 heavy beer including:

356 (a) a set-up charge;

357 (b) a service charge; or

358 (c) a chilling fee.

359 Section 5. Section **32B-6-403** is amended to read:

360 **32B-6-403. Commission's power to issue club license.**

361 (1) Before a person may store, sell, offer for sale, furnish, or allow the consumption of
362 an alcoholic product on its premises as a club licensee, the person shall first obtain a club
363 license from the commission in accordance with this part.

364 (2) The commission may issue a club license to establish club licensed premises at
365 places and in numbers the commission considers proper for the storage, sale, offer for sale,
366 furnishing, and consumption of an alcoholic product on premises operated by a club licensee.

367 (3) Subject to Section 32B-1-201:

368 (a) (i) The commission may not issue a total number of social club licenses that at any
369 time exceeds the number determined by dividing the population of the state by [7,850]

369a ~~H~~→ [11,784] 11,504 ←~~H~~ .

370 (ii) The commission may not issue a total number of dining club licenses, equity club
371 licenses, and fraternal club licenses that at any time exceeds the number determined by
372 dividing the population of the state by 19,694.

373 (b) The commission may issue a seasonal club license in accordance with Section
374 32B-5-206 to:

375 (i) a dining club licensee; or

376 (ii) a social club licensee.

377 (c) (i) If the location, design, and construction of a hotel may require more than one
378 dining club license or social club license location within the hotel to serve the public
379 convenience, the commission may authorize as many as three club license locations within the
380 hotel under one club license if:

381 (A) the hotel has a minimum of 150 guest rooms; and

382 (B) all locations under the club license are:

383 (I) within the same hotel; and

384 (II) on premises that are managed or operated, and owned or leased, by the club
385 licensee.

386 (ii) A facility other than a hotel shall have a separate club license for each club license
387 location where an alcoholic product is sold, offered for sale, or furnished.

388 (d) When a business establishment undergoes a change of ownership, the commission
389 may issue a club license to the new owner of the business establishment notwithstanding that
390 there is no club license available under Subsection (3)(a) if:

391 (i) the primary business activity at the business establishment before and after the
392 change of ownership is not the sale, offer for sale, or furnishing of an alcoholic product;

393 (ii) before the change of ownership there are two or more licensed premises on the
394 business establishment that operate under a retail license, with at least one of the retail licenses
395 being a club license;

396 (iii) subject to Subsection (3)(e), the licensed premises of the club license issued under
397 this Subsection (3)(d) is at the same location where the club license licensed premises was

398 located before the change of ownership; and

399 (iv) the person who is the new owner of the business establishment qualifies for the
400 club license, except for there being no club license available under Subsection (3)(a).

401 (e) If a club licensee of a club license issued under Subsection (3)(d) requests a change
402 of location, the club licensee may retain the club license after the change of location only if on
403 the day on which the club licensee seeks a change of location a club license is available under
404 Subsection (3)(a).

405 Section 6. Section **32B-6-407** is amended to read:

406 **32B-6-407. Specific operational requirements for equity club license or fraternal**
407 **club license.**

408 (1) For purposes of this section only:

409 (a) "Club licensee" means an equity club licensee or fraternal club licensee.

410 (b) "Club licensee" does not include a dining club licensee or social club licensee.

411 (2) (a) A club licensee shall have a governing body that:

412 (i) consists of three or more members of the club; and

413 (ii) holds regular meetings to:

414 (A) review membership applications; and

415 (B) conduct other business as required by the bylaws or house rules of the club.

416 (b) (i) A club licensee shall maintain a minute book that is posted currently by the club
417 licensee.

418 (ii) The minute book required by this Subsection (2) shall contain the minutes of a
419 regular or special meeting of the governing body.

420 (3) A club licensee may admit an individual as a member only on written application
421 signed by the person, subject to:

422 (a) the person paying an application fee; and

423 (b) investigation, vote, and approval of a quorum of the governing body.

424 (4) A club licensee shall:

425 (a) record an admission of a member in the official minutes of a regular meeting of the
426 governing body; and

427 (b) whether approved or disapproved, file an application as a part of the official records
428 of the club licensee.

429 (5) The spouse of a member of a club licensee has the rights and privileges of the
430 member:

- 431 (a) to the extent permitted by the bylaws or house rules of the club licensee; and
- 432 (b) except to the extent restricted by this title.

433 (6) A minor child of a member of a club licensee has the rights and privileges of the
434 member:

- 435 (a) to the extent permitted by the bylaws or house rules of the club licensee; and
- 436 (b) except to the extent restricted by this title.

437 (7) A club licensee shall maintain:

438 (a) a current and complete membership record showing:

- 439 (i) the date of application of a proposed member;
- 440 (ii) a member's address;

441 (iii) the date the governing body approved a member's admission;

442 (iv) the date initiation fees and dues are assessed and paid; and

443 (v) the serial number of the membership card issued to a member;

444 (b) a membership list; and

445 (c) a current record indicating when a member is removed as a member or resigns.

446 (8) (a) A club licensee shall have bylaws or house rules that include provisions

447 respecting the following:

448 (i) standards of eligibility for members;

449 (ii) limitation of members, consistent with the nature and purpose of the club;

450 (iii) the period for which dues are paid, and the date upon which the period expires;

451 (iv) provisions for removing a member from the club membership for the nonpayment
452 of dues or other cause;

453 (v) provisions for guests; and

454 (vi) application fees and membership dues.

455 (b) A club licensee shall maintain a current copy of the club licensee's current bylaws
456 and current house rules.

457 (c) A club licensee shall maintain its bylaws or house rules, and any amendments to
458 those records, on file with the department at all times.

459 (9) A club licensee may, in its discretion, allow an individual to be admitted to or use

460 the club licensed premises as a guest subject to the following conditions:

461 (a) the individual is allowed to use the club licensee premises only to the extent
462 permitted by the club licensee's bylaws or house rules;

463 (b) the individual shall be previously authorized by a member of the club who agrees to
464 host the individual as a guest into the club;

465 (c) the individual has only those privileges derived from the individual's host for the
466 duration of the individual's visit to the club licensee premises; and

467 (d) a club licensee or staff of the club licensee may not enter into an agreement or
468 arrangement with a club member to indiscriminately host a member of the general public into
469 the club licensee premises as a guest.

470 (10) Notwithstanding Subsection (9), an individual may be allowed as a guest in a club
471 licensed premises without a host if:

472 (a) (i) the club licensee is an equity club licensee; and

473 (ii) the individual is a member of an equity club licensee that has reciprocal guest
474 privileges with the equity club licensee for which the individual is a guest; ~~or~~

475 (b) (i) the club licensee is a fraternal club licensee; and

476 (ii) the individual is a member of the same fraternal organization as the fraternal club
477 licensee for which the individual is a guest~~[-]; or~~

478 (c) (i) the club licensee is a fraternal club licensee that holds the fraternal club license
479 on July 1, 2013; ~~H~~→ [and] ←~~H~~

480 (ii) ~~H~~→ [its] the club licensee's ←~~H~~ bylaws permit guests in the club licensed premises
480a without a host except that a

481 minor may not be admitted as a guest without a host ~~H~~→ [-] ; and

481a (iii) the club licensee maintains 60% of its total club business from the sale of food, not
481b including mix for alcoholic products, or service charges. ←~~H~~

482 (11) Unless the patron is a member or guest, a club licensee may not:

483 (a) sell, offer for sale, or furnish an alcoholic product to the patron; or

484 (b) allow the patron to be admitted to or use the licensed premises.

485 (12) A minor may not be a member, officer, director, or trustee of a club licensee.

486 ~~[(13) Public advertising related to a club licensee by the following shall clearly identify~~
487 ~~a club as being "a club for members":]~~

488 ~~[(a) the club licensee;]~~

489 ~~[(b) staff of the club licensee; or]~~

490 ~~[(c) a person under a contract or agreement with the club licensee.]~~

491 Section 7. Section **32B-6-803** is amended to read:

492 **32B-6-803. Commission's power to issue reception center license.**

493 (1) Before a person may store, sell, offer for sale, or furnish an alcoholic product on its
494 premises as a reception center, the person shall first obtain a reception center license from the
495 commission in accordance with this part.

496 (2) The commission may issue a reception center license to establish reception center
497 licensed premises at places and in numbers the commission considers proper for the storage,
498 sale, offer for sale, furnishing, and consumption of an alcoholic product on premises operated
499 as a reception center.

500 (3) Subject to Section 32B-1-201, the commission may not issue a total number of
501 reception center licenses that at any time exceeds the number determined by dividing the
502 population of the state by [~~56,313~~] 116,192.

503 (4) The commission may not issue a reception center license for premises that do not
504 meet the proximity requirements of Section 32B-1-202.

505 Section 8. Section **32B-6-905** is amended to read:

506 **32B-6-905. Specific operational requirements for a beer-only restaurant license.**

507 (1) (a) In addition to complying with Chapter 5, Part 3, Retail Licensee Operational
508 Requirements, a beer-only restaurant licensee and staff of the beer-only restaurant licensee
509 shall comply with this section.

510 (b) Failure to comply as provided in Subsection (1)(a) may result in disciplinary action
511 in accordance with Chapter 3, Disciplinary Actions and Enforcement Act, against:

- 512 (i) a beer-only restaurant licensee;
- 513 (ii) individual staff of a beer-only restaurant licensee; or
- 514 (iii) both a beer-only restaurant licensee and staff of the beer-only restaurant licensee.

515 (2) (a) A beer-only restaurant licensee on the licensed premises may not sell, offer for
516 sale, furnish, or allow consumption of liquor.

517 (b) Liquor may not be on the premises of a beer-only restaurant licensee except for use:

- 518 (i) as a flavoring on a dessert; and
- 519 (ii) in the preparation of a flaming food dish, drink, or dessert.

520 (3) In addition to complying with Section 32B-5-303, a beer-only restaurant licensee
521 shall store beer in a storage area described in Subsection (12)(a).

522 (4) (a) An individual who serves beer in a beer-only restaurant licensee's premises shall
523 make a written beverage tab for each table or group that orders or consumes an alcoholic
524 product on the premises.

525 (b) A beverage tab required by this Subsection (4) shall list the type and amount of
526 beer ordered or consumed.

527 (5) A person's willingness to serve beer may not be made a condition of employment as
528 a server with a beer-only restaurant licensee.

529 (6) A beer-only restaurant licensee may sell, offer for sale, or furnish beer during the
530 hours specified in Part 7, On-premise Beer Retailer License, for an on-premise beer retailer,
531 except that a beer-only restaurant licensee may not sell, offer for sale, or furnish beer before
532 11:30 a.m. on any day.

533 (7) A beer-only restaurant licensee shall maintain at least 70% of its total restaurant
534 business from the sale of food, which does not include a service charge.

535 (8) (a) A beer-only restaurant may not sell, offer for sale, or furnish beer except [~~in~~
536 ~~connection with an order for~~] to a patron who has indicated an intent to order food prepared,
537 sold, and furnished at the licensed premises.

538 (b) A beer-only restaurant shall maintain on the licensed premises adequate culinary
539 facilities for food preparation and dining accommodations.

540 (9) A patron may not have more than two beers at a time before the patron.

541 (10) A patron may consume a beer only:

542 (a) at:

543 (i) the patron's table;

544 (ii) a grandfathered bar structure; or

545 (iii) a counter; and

546 (b) where food is served.

547 (11) (a) A beer-only restaurant licensee may not sell, offer for sale, or furnish a beer to
548 a patron, and a patron may not consume an alcoholic product at a bar structure.

549 (b) Notwithstanding Subsection (11)(a), at a grandfathered bar structure, a patron who
550 is 21 years of age or older may:

551 (i) sit;

552 (ii) be furnished a beer; and

553 (iii) consume a beer.

554 (c) Except as provided in Subsection (11)(d), at a grandfathered bar structure, a
555 beer-only restaurant licensee may not permit a minor to, and a minor may not:

556 (i) sit; or

557 (ii) consume food or beverages.

558 (d) (i) A minor may be at a grandfathered bar structure if the minor is employed by a
559 beer-only restaurant licensee:

560 (A) as provided in Subsection 32B-5-308(2); or

561 (B) to perform maintenance and cleaning services during an hour when the beer-only
562 restaurant licensee is not open for business.

563 (ii) A minor may momentarily pass by a grandfathered bar structure without remaining
564 or sitting at the bar structure en route to an area of a beer-only restaurant licensee's premises in
565 which the minor is permitted to be.

566 (12) A beer-only restaurant licensee may dispense a beer only if:

567 (a) the beer is dispensed from an area that is:

568 (i) a grandfathered bar structure; or

569 (ii) separated from an area for the consumption of food by a patron by a solid,
570 translucent, permanent structural barrier such that the facilities for the storage or dispensing of
571 an alcoholic product are not readily visible to a patron, not accessible by a patron, and apart
572 from an area used for dining, for staging, or as a lobby or waiting area;

573 (b) the beer-only restaurant licensee uses a beer that is:

574 (i) stored in an area described in Subsection (12)(a); or

575 (ii) in an area not described in Subsection (12)(a) on the licensed premises and:

576 (A) immediately before the beer is dispensed it is in an unopened container;

577 (B) the unopened container is taken to an area described in Subsection (12)(a) before it
578 is opened; and

579 (C) once opened, the container is stored in an area described in Subsection (12)(a); and

580 (c) any instrument or equipment used to dispense the beer is located in an area
581 described in Subsection (12)(a).

582 Section 9. **Effective date.**

583 This bill takes effect on July 1, 2013.