
Commerce & Gaming Committee

HB 2504

Brief Description: Concerning the reduction of the retail spirits license issuance fee.

Sponsors: Representatives Hurst, Vick and Condotta.

Brief Summary of Bill

- Reduces the spirits retail license issuance fee from 17 percent to 5 percent of all spirit sales revenues, in graduated steps over a four-year period beginning on July 1, 2016.

Hearing Date: 1/26/16

Staff: Thamas Osborn (786-7129).

Background:

Spirits Retail Licensees.

Businesses licensed by the Liquor and Cannabis Board (LCB) to sell spirits at the retail level are designated as "spirits retail licensees." Such licensees generally fall into two categories: (1) grocery stores and other large retail establishments encompassing at least 10,000 feet of retail space; and (2) smaller liquor stores that are either former state-owned liquor stores or former "contract liquor stores" that sold liquor on behalf of the state pursuant to contracts with the LCB prior to the passage of Initiative Measure No. 1183 in 2011.

License Issuance Fee.

All spirits retail licensees are required to pay an annual license issuance fee to the LCB. Large spirits retail licensees, with retail space exceeding 10,000 square feet, must pay a license issuance fee equivalent to 17 percent of all spirit sales revenues. Beginning on June 30, 2013, former state liquor stores and former contract liquor stores were granted a limited exemption from the payment of the 17 percent license issuance fee for specified types of spirits sales. Specifically, such stores are exempt from payment of the 17 percent fee with respect to spirits sales to those retailers licensed to sell spirits for consumption on the premises (i.e., bars and restaurants).

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.

Summary of Bill:

Over a four-year period, beginning on July 1, 2016, the spirits retail license issuance fee is gradually reduced from 17 percent to 5 percent of all spirit sales revenues, in accordance with the following schedule:

- from July 1, 2016, until July 1, 2018, the license issuance fee is 14 percent of all spirit sales revenues;
- from July 1, 2018, until July 1, 2020, the license issuance fee is 9 percent of all spirit sales revenues; and
- beginning July 1, 2020, the license issuance fee is 5 percent of all spirit sales revenues.

Appropriation: None.

Fiscal Note: Requested on January 20, 2016.

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