

HOUSE BILL REPORT

HB 1781

As Reported by House Committee On:
Appropriations

Title: An act relating to payment of agency commissions for agency liquor vendor stores.

Brief Description: Making payment of agency commissions for agency liquor vendor stores.

Sponsors: Representatives H. Sommers, Sehlin, Clements, Conway and Kenney; by request of Liquor Control Board.

Brief History:

Committee Activity:

Appropriations: 2/15/01, 2/21/01 [DPS].

Brief Summary of Substitute Bill

- Agency liquor vendor stores' commissions and commission rates will be established by the Liquor Control Board after consultation with and approval by the director of the Office of Financial Management.
- Moneys spent for agency commissions need not be appropriated.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 31 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Lisk, Republican Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Gombosky, Kagi, Keiser, Kenney, Kessler, Lambert, Linville, Mastin, McIntire, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

Staff: Patricia Linehan (786-7178).

Background:

The Liquor Revolving Fund consists of all license fees, permit fees, penalties, forfeitures, and all other moneys, income, or revenue received by the Liquor Control Board (LCB).

The Liquor Revolving Fund is subject to the allotment controls of the Budget and Accounting Act, chapter 43.88 RCW, but an appropriation is not required to permit expenditures and payment of obligations from the fund, with the exception of LCB administrative expenses.

Administrative expenses of the LCB are appropriated and paid from the Liquor Revolving Fund. Within this category, there are a number of LCB expenses that are exempt from the appropriation process.

The retail sale of liquor is achieved in two ways. First, the LCB operates state-run retail stores. Second, the LCB has entered into agency agreements with vendors to sell liquor in areas that do not have state-run stores. The LCB pays an agency commission to these vendors. Expenditures for these commissions are not exempt from the appropriation process.

Summary of Substitute Bill:

Agency commissions for agency liquor vendor stores are exempt from the appropriation process. The LCB may make expenditures for this purpose without an appropriation; however, all of the expenditures from the Liquor Revolving Fund are allotted.

Agency commissions and commission rates for agency liquor vendor stores will be established by the LCB after consultation with and approval by director of the Office of Financial Management.

Substitute Bill Compared to Original Bill:

The substitute requires that all expenditures from the Liquor Revolving Fund be allotted and that the commission rate paid to the agency liquor vendor stores be approved by the director of the Office of Financial Management.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original Bill) All contract liquor agents are in favor of this legislation. Commissions vary each month depending on the sales, and this bill allows the LCB to be flexible with their money. The state employees at the 157 state run stores have their costs covered through the normal appropriation process. The 156 agency liquor vendor

stores' costs are covered through a commission. Each year that the sales increase, the commission paid to the agency liquor vendor stores increases and the LCB finds itself in a bind, because it doesn't have the appropriation authority to actually pay the contractual commission amount. The LCB takes cuts to the agency budget in order to make the contractually obligated commission payments, or it asks for additional appropriation authority in a supplemental budget. This legislation enables the LCB to pay the contractually obligated commissions, even when agency liquor vendor stores' commissions increase as a result of increases in those sales.

Testimony Against: None.

Testified: Cathy Christer, Washington State Liquor Control Board member; and Jim Miller.