

HOUSE BILL REPORT

HB 2014

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to liquor license fees.

Brief Description: Concerning liquor license fees.

Sponsors: Representatives Hunt, Hasegawa, Appleton, Reykdal, Jinkins, Moscoso, Goodman, Dickerson, Fitzgibbon, Kagi and Kenney.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 3/24/11 [DP].

Brief Summary of Bill

- Continues the 10.5 percent liquor license fee increase imposed for the 2009-2011 biennium for certain licenses.
- Imposes an additional 5 percent increase for Community Mobilization grants awarded by the Department of Commerce.
- Imposes an additional 5 percent increase for Safe and Drug-Free Schools and Communities grants awarded by the Office of Superintendent of Public Instruction.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Hunt, Chair; Appleton, Vice Chair; Darneille, Dunshee, Hurst, McCoy and Miloscia.

Minority Report: Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander and Condotta.

Staff: Joan Elgee (786-7106).

Background:

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.

The Liquor Control Board (Board) issues a number of types of retail liquor licenses. For some licenses, additional activities are allowed with a license endorsement. Licensees pay an annual fee to the Board.

The distribution of license fee revenue depends on the type of license. Revenue from spirits, beer, and wine restaurant and private club fees is distributed to the state toxicology program for death investigations, and to the University of Washington, Washington State University, and the Department of Social and Health Services for alcoholism and drug abuse purposes. A portion of the revenue from grocery store, snack bar, and tavern fees is dedicated to alcoholism and drug abuse purposes, and the remainder goes into the Liquor Revolving Fund (Revolving Fund). The Revolving Fund is used by the Board for administering the liquor provisions. Excess funds from the Revolving Fund are distributed according to a formula to border areas, the General Fund, and cities and counties. The entirety of other retail license fees goes into the Revolving Fund.

In 2009 the Legislature raised certain license fees by 10.5 percent for the 2009-2011 biennium. The Legislature directed that the fee increase be expended only for purposes of administration and enforcement of the licenses.

The Community Mobilization Against Substance Abuse and Violence Program within the Department of Commerce provides funding to communities to develop targeted and coordinated strategies to reduce the incidence and impact of alcohol, tobacco, or other drug abuse, or violence.

School districts and school districts cooperatives may receive grants awarded by the Superintendent of Public Instruction for drug and alcohol abuse prevention and intervention programs for students in kindergarten through 12th grade, from appropriated funds.

Summary of Bill:

The 10.5 percent increase in liquor fees for certain licensees is continued and an additional 10 percent increase is imposed.

License fees are modified as follows:

License	Fee Beginning July 1, 2011	Fee July 1, 2009 - July 1, 2011	Fee in Bill
Grocery License	\$150	\$166	<i>\$181</i>
Beer and Wine Tasting Endorsement	\$200		<i>\$241</i>
International Exporter Endorsement	\$500	\$553	<i>\$603</i>
Public House License	\$1,000	\$1,105	<i>\$1,205</i>
Beer and/or Wine Specialty Shop License	\$100	\$111	<i>\$121</i>
Snack Bar License	\$125	\$138	<i>\$151</i>

Interstate Common Carrier's License	\$750	\$829	\$904
Duplicate License – additional locations	\$5	\$6	\$6
Private Club – Beer and/or Wine License	\$180	\$199	\$217
Sale of Unopened Wine for Off-Premises Consumption Endorsement	\$120	\$133	\$145
Private Club – Spirits, Beer, and Wine License	\$720	\$796	\$868
Non-club Event Endorsement	\$900	\$995	\$1,085
Sale of Unopened Wine for Off-Premises Consumption Endorsement	\$120	\$133	\$145
Restaurant Beer and/or Wine			
Beer only	\$200	\$221	\$241
Wine only	\$200	\$221	\$241
Beer and Wine	\$400	\$442	\$482
Sale of Beer and/or Wine for Off-Premises Consumption	\$120	\$133	\$145
Caterer's Endorsement	\$350	\$387	\$422
Caterer's Storage at Other Locations Endorsement	\$20	\$22	\$24
Restaurant Spirits, Beer, and Wine (Public or Private)			
Less than 50 percent dedicated dining area	\$2,000	\$2,210	\$2,410
50 percent or more dedicated dining area	\$1,600	\$1,768	\$1,928
Service bar only	\$1,000	\$1,105	\$1,205
Caterer's Endorsement	\$350	\$387	\$422
Caterer's Storage at Other Locations Endorsement	\$20	\$22	\$24
Sale of Unopened Wine for Off-Premises Consumption Endorsement	\$120	\$133	\$145
Kegs-to-Go Endorsement	\$120	\$133	\$145
Private Club – Non-club Event Endorsement	\$900	\$995	\$1,085
Duplicate License – Civic/Convention center additional location	\$10	\$11	\$12
Tavern			
Beer only	\$200	\$221	\$241
Wine only	\$200	\$221	\$241
Both	\$400	\$442	\$482

Sale of Beer and/or Wine for Off-Premises Consumption	\$120	\$133	\$145
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Distributions of the increased license fee amounts are as follows:

- 10.5 percent of total license fee revenues may be expended only for purposes of administration and enforcement of the licenses.
- 5 percent of total license fee revenues must be transferred to the General Fund to be used by the Department of Commerce solely for community mobilization grants.
- 5 percent of total license fee revenues must be transferred to the General Fund to be used by the Superintendent of Public Instruction solely for Safe and Drug-Free Schools and Communities grants.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.

Staff Summary of Public Testimony:

(In support) This bill would raise \$2 million, to be split between school-based and community-based programs. The funding from the Office of Superintendent of Public Instruction would provide services to 30 schools and 4,500 students, and community mobilization grants would help 18,000 people in all 39 counties. Funds for prevention have been cut, but marketing and advertising, which has a negative impact on youth, has increased. It is only fair that those who sell alcohol contribute to help prevent abuse. Alcohol kills more kids than any other drug. This is a small fee increase.

This bill will directly benefit students and is a good way to deal with the revenue shortfall. Students would have died without the support of Prevention Intervention Specialists at schools. Prevention Intervention services motivate students addicted to alcohol and drugs to get and stay sober, and to attend school. There are a lot of drugs and alcohol at schools. A student got help for two years without their parent's knowledge; the student would not be here today without this help.

(Opposed) The industry supported the increase in 2009, but only if it was used for enforcement and not diverted. If more money is needed for enforcement, all license fees should be looked at, not just retail fees. The fee for the 2009 tasting endorsement is already \$200 and should not be increased. Funds should go directly to the Board for compliance checks. Last year, tobacco tax increases hurt small businesses, and this bill compounds the impact on small businesses. The Legislature should look at the nexus between liquor fees and programs. Ninety percent or more of restaurant fees go to the University of Washington, Washington State University, and the Department of Social and Health Services and are not being used for enforcement and administration. Restaurants got hit two ways in the last biennium, because prices at liquor stores were increased because of a fund sweep out of the Revolving Fund.

Persons Testifying: (In support) Seth Dawson and Jim Cooper, Washington Association for Substance Abuse and Violence Prevention; Daniel Kittner, Jane Faulkner, Noelle Bennett, Halie Gift, Dylan-Rose Vaughan, and Alex Stutsman, Puget Sound Educational Service District; and Walt Bigby, Olympic Educational Service District 114.

(Opposed) Carolyn Logue, Washington Food Industry Association; TK Bentler, Washington Association of Neighborhood Stores; Bruce Beckett, Washington Restaurant Association; and Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.