

# HOUSE BILL REPORT

## HB 1124

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### As Passed Legislature

**Title:** An act relating to recommendations for streamlining reporting requirements for taxes and fees on spirits.

**Brief Description:** Concerning recommendations for streamlining reporting requirements for taxes and fees on spirits.

**Sponsors:** Representatives Hurst and Condotta.

#### **Brief History:**

##### **Committee Activity:**

Government Accountability & Oversight: 1/22/13 [DP];

Finance: 2/8/13, 2/15/13, 2/19/13 [DP].

##### **Floor Activity:**

Passed House: 3/9/13, 98-0.

Passed Senate: 4/15/13, 48-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Requires the Liquor Control Board and the Department of Revenue to make recommendations to the Legislature detailing the statutory changes necessary to: (1) streamline the collection of liquor taxes, fees, and reports; and (2) require a single state agency to be responsible for the collection of such revenue and information.

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### HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

**Majority Report:** Do pass. Signed by 8 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso and Shea.

**Staff:** Thamas Osborn (786-7129).

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### HOUSE COMMITTEE ON FINANCE

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*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.*

**Majority Report:** Do pass. Signed by 13 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Fitzgibbon, Hansen, Lytton, Pollet, Reykdal, Springer, Vick and Wilcox.

**Staff:** Jeff Olsen (786-7175).

**Background:**

The passage of Initiative 1183 (I-1183) in 2011 resulted in the massive reorganization of the liquor industry in this state, accompanied by significant changes in the regulatory duties, powers, and responsibilities of the Liquor Control Board (LCB). Among the many notable consequences of I-1183 are the following:

- cessation of state liquor store and liquor distribution operations by June 1, 2012;
- liquidation of state owned and operated facilities related to liquor sales and distribution;
- authorization for the operation of private sector spirits retailers and spirits distributors;
- creation of spirits retailer and spirits distributor licenses;
- revision of regulations regarding wine distribution;
- repeal of the LCB's authority to set prices for spirits, including spirits markup; and
- authorization for the state to set license fees based on sales.

However, notwithstanding the changes brought about by I-1183, the LCB remains the key regulatory body responsible for licensing matters, fee collection, and general oversight of the liquor industry in this state.

Pursuant to statute, state agencies are subject to requirements for filing reports with the House of Representatives, the Senate, and the Governor. Such reports must be submitted in electronic format and made easily accessible to legislators, staff, and the public. In addition, upon the requisite submittal of the report, the reporting agency must send a letter by electronic means informing the appropriate legislative committees that the report has been filed.

**Summary of Bill:**

The LCB and the Department of Revenue are required to make recommendations to the Legislature detailing the statutory changes necessary to: (1) streamline the collection of liquor taxes, fees, and reports; and (2) require a single state agency to be responsible for the collection of such revenue and information. These recommendations are due by September 30, 2013, and must be in compliance with reporting requirements specified in statute.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony (Government Accountability & Oversight):**

(In support) This bill will be very helpful to Washington businesses and should be supported. For years the state has been making efforts to streamline the regulation of business and this legislation would be a big step forward in this process, especially with respect to the payment of taxes. For example, the 17 percent fee on retail sales of spirits is now due quarterly, but it would assist retailers to have it due on a monthly basis. These fees amount to a great deal of money and monthly payments would make it less likely that businesses would fall behind. Generally, the bill would encourage the comprehensive examination of the taxing scheme and facilitate the the tracking of liquor thefts and related illegal sales.

(Opposed) None.

**Staff Summary of Public Testimony (Finance):**

(In support) There are no tax changes in the bill. This is a study to simplify the reporting of liquor taxes and fees to a single agency.

(Opposed) None.

**Persons Testifying (Government Accountability & Oversight):** Representative Hurst, prime sponsor; Jan Gee, Washington Food Industry Association; and Jim Halstrom, Southern Wine and Spirits.

**Persons Testifying (Finance):** Carolyn Logue, Washington Food Industry Association.

**Persons Signed In To Testify But Not Testifying (Government Accountability & Oversight):** None.

**Persons Signed In To Testify But Not Testifying (Finance):** None.