
Finance Committee

HB 1161

Brief Description: Concerning sales for resale by retail licensees of liquor.

Sponsors: Representatives Hunter, Alexander, Hurst, Condotta, Ryu, Takko, Hayes, Short, Harris, Manweller, Schmick and Springer.

Brief Summary of Bill

- Exempts all spirits retail licensees from the payment of the 17 percent license issuance fee for sales of spirits to bars and restaurants.
- Requires that if no distributor license fee has been paid on spirits sold to a bar or restaurant by a spirits retail licensee, then the spirit retail licensee must pay the distributor license fee to the Liquor Control Board, for deposit into the Liquor Revolving Fund.

Hearing Date: 2/10/14

Staff: Richelle Geiger (786-7175).

Background:

Spirits Retailers Following the Passage of Initiative 1183.

Initiative Measure No. 1183 (I-1183), passed by the voters in November 2011, transferred the responsibility for the distribution and retail sale of spirits (i.e., hard liquor) from the Liquor Control Board (LCB) to the private sector. Following the passage of I-1183, those private businesses licensed by the LCB to sell spirits at the retail level were 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 I-1183.

License Issuance Fees applicable to Spirits Retail Licensees.

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.

Large spirits retail licensees, with retail space exceeding 10,000 square feet, must pay to the LCB a license issuance fee equivalent to 17 percent of "*all spirit sales revenues under the license. . .*" The calculation of this fee includes revenues derived from sales to bars and restaurants and is in addition to any taxes collected on the sales of the spirits.

Beginning on June 30, 2013, former state liquor stores and former contract liquor stores were granted an exemption from the payment of the 17 percent license issuance fee for certain 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).

Once collected by the LCB, license issuance fees are deposited into the Liquor Revolving Fund. Moneys in this fund are used for the LCB expenses and "excess funds" are distributed to the State General Fund, and to cities, towns, and counties.

Summary of Bill:

All spirits retail licensees are exempted from responsibility for the payment of the 17 percent license issuance fee for sales of spirits to bars and restaurants.

If no distributor license fee has been paid on spirits sold by a spirits retail licensee to a retailer licensed to sell spirits for resale and consumption on its licensed premises, i.e., a bar or restaurant, then the spirit retail licensee must pay the distributor license fee to the board, for deposit into the Liquor Revolving Fund.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.