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**Finance Committee**

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**HB 2412**

**Brief Description:** Addressing license issuance fees imposed on spirits retail licensees.

**Sponsors:** Representatives Condotta and Haler.

**Brief Summary of Bill**

- Establishes that spirits retail licensees who are former state liquor stores or former contract liquor stores with monthly gross receipts of \$300,000 or less may pay a reduced license issuance fee of seven percent of its spirits sales revenues.
- Establishes that spirits retail licensees who are former state liquor stores or former contract liquor stores with monthly gross receipts above \$300,000 must pay the full license issuance fee of 17 percent of its spirits sales revenues.

**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.

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. . .*"

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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.*

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:**

Only those licensees who are former state liquor stores or former contract liquor stores are eligible for the reduction of license issuance fees authorized under the act.

Spirits retail licensees who are former state liquor stores or former contract liquor stores with monthly gross receipts of \$300,000 or less may pay a reduced license issuance fee of seven percent of its spirits sales revenues.

Spirits retail licensees who are former state liquor stores or former contract liquor stores with monthly gross receipts above \$300,000 must pay the full license issuance fee of 17 percent of its spirits sales revenues.

**Appropriation:** None.

**Fiscal Note:** Available.

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