

HOUSE BILL REPORT

ESSB 5644

As Passed House:
June 29, 2013

Title: An act relating to sales for resale by retail licensees of liquor.

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

Sponsors: Senate Committee on Commerce & Labor (originally sponsored by Senators Schoesler and Murray).

Brief History:

Committee Activity:

None.

Second Special Session

Floor Activity:

Passed House: 6/29/13, 77-5.

Brief Summary of Engrossed Substitute Bill

- Provides that former contract liquor stores and former state liquor stores bought at auction are exempt from the 17 percent spirits retail license issuance fee on spirits sales to bars and restaurants.
- Requires spirits distributors to pay the 10 percent distributor license issuance fee for an additional three months (a total of 27 months, instead of 24 months) and the reduction to 5 percent begins on the twenty-eighth month.
- Includes an emergency clause for the bill to take effect immediately.

Staff: Trudes Tango (786-7384).

Background:

Spirits Retail Licensees.

Under Initiative 1183 (I-1183), a spirits retail licensee may, among other things, sell spirits to consumers for off-premises consumption and sell spirits in original containers for resale to

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retailers licensed to sell spirits for on-premises consumption (often called "on-premises" or "on-sale" retailers, which are typically bars and restaurants).

Spirits retail licensees include, but are not limited to, former contract liquor stores and former state liquor stores bought at auction. The initiative requires each spirits retail licensee (except craft distilleries) to pay to the Liquor Control Board (LCB) a license issuance fee equivalent to 17 percent of all spirit sales revenues under the license. This fee is in addition to any taxes collected on the sales of the spirits. The fees are deposited into the Liquor Revolving Fund (Fund). Moneys in the Fund are used for the LCB expenses and "excess funds" are distributed to the State General Fund and to cities, towns, and counties.

Spirits Distributor Licensees.

The I-1183 also created a license for spirits distributors to, among other things, sell spirits to spirits retailers, special license holders, and other distributors. The initiative requires that a spirits distributor pay a license issuance fee of 10 percent of total revenue in each of the first two years of the distributor's licensure and then 5 percent of total revenue in subsequent years.

Summary of Engrossed Substitute Bill:

Beginning on the effective date of the act, former contract liquor stores and former state liquor stores bought at auction are exempt from the 17 percent spirits retail license issuance fee on spirits sales to bars and restaurants.

Spirits distributors must pay the 10 percent distributor license issuance fee for an additional three months (a total of 27 months, instead of 24 months) and the reduction to 5 percent begins on the twenty-eighth month.

The act includes an emergency clause and takes effect immediately.

Appropriation: None.

Fiscal Note: Available.

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