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## Government Accountability & Oversight Committee

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### SSB 6237

**Brief Description:** Concerning license issuance fees imposed on former contract liquor stores.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Honeyford, Hewitt, Kohl-Welles, Hatfield and Hobbs).

#### Brief Summary of Substitute Bill

- Exempts former contract liquor stores with monthly gross receipts of \$200,000 or less from paying a license issuance fee to the Liquor Control Board.
- Reduces the license issuance fee from 17 percent to 7 percent of retail spirits sales revenues for those former contract liquor stores with monthly gross receipts of \$350,000 or less.
- Requires that former contract liquor stores with monthly gross receipts of more than \$350,000 pay a license issuance fee of 17 percent of its retail spirits sales revenues.

**Hearing Date:**

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

**Background:**

Spirits retailers and the passage of I-1183.

Initiative Measure 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.

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License issuance fees applicable to spirits retail licensees.

Large spirits retail licensees, with retail space exceeding ten thousand 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 a limited 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 LCB expenses and "excess funds" are distributed to the state general fund and to cities, towns, and counties.

**Summary of Bill:**

The license issuance fee for spirits retail licensees who are former contract liquor stores are as follows:

- Licensees with monthly gross receipts of \$200,000 or less are exempted from paying a license issuance fee.
- Licensees with monthly gross receipts of \$350,000 or less must pay a license issuance fee of 7 percent of its retail spirits sales revenues.
- Licensees with monthly gross receipts of more than \$350,000 dollars must pay a license issuance fee of 17 percent of its retail spirits sales revenues.

**Appropriation:** None.

**Fiscal Note:** Requested.

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