

# FINAL BILL REPORT

## ESSB 5644

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Synopsis as Enacted

**Brief Description:** Concerning license issuance fees of former contract liquor stores, former state store auction buyers, and spirits distributors.

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

#### **Senate Committee on Commerce & Labor** **Senate Committee on Ways & Means**

**Background:** When Initiative 1183 (I -1183) was approved by the voters in November 2011, the sale and distribution of spirits became privatized. I-1183 required spirits distributors to pay a license issuance fee of 10 percent of the total revenue from sales of spirits for an initial period of two years (24 months), and thereafter the fee is 5 percent. The initiative required spirits retail licensees to pay a license issuance fee of 17 percent of all spirits sales revenue under the license to the Liquor Control Board for deposit into the liquor revolving fund. This is in addition to other liquor liter and sales taxes. The initiative permitted a spirits retail licensee to sell spirits to retailers licensed to sell spirits for on-premises consumption, such as bars and restaurants.

Article II, section 41 of the Washington State Constitution provides that an initiative passed by the people may not be amended within the first two years following enactment, except by a two-thirds vote of both the House of Representatives and the Senate.

**Summary:** Spirits distributors are required to pay the distributor licensing fee of 10 percent for 3 additional months (for a total of 27 months).

The license issuance fee of 17 percent does not apply to a licensee or their successor that was a contract liquor store manager, for sales of spirits to bars and restaurants. Nor does the 17 percent license issuance fee apply to a licensee or their successor that was a former state store auction buyer, for sales of spirits to bars and restaurants. These provisions take effect immediately.

#### **Votes on Final Passage:**

##### Second Special Session

Senate 41 5

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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.*

House 77 5

**Effective:** June 30, 2013