

# SENATE BILL REPORT

## SB 6238

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As Reported by Senate Committee On:  
Commerce & Labor, February 3, 2014

**Title:** An act relating to the issuance, regulation, and sale of spirits retail licenses held by owners of former state and contract liquor stores.

**Brief Description:** Clarifying the issuance, regulation, and sale of spirits retail licenses held by owners of former state and contract liquor stores.

**Sponsors:** Senator Honeyford.

**Brief History:**

**Committee Activity:** Commerce & Labor: 1/27/14, 1/31/14, 2/03/14 [DP, DNP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass.

Signed by Senators Holmquist Newbry, Chair; Braun, Vice Chair; Hewitt and King.

**Minority Report:** Do not pass.

Signed by Senators Conway, Ranking Member; Hasegawa.

**Staff:** Edith Rice (786-7444)

**Background:** Prior to the passage of Initiative 1183 (I-1183), spirits sales were permitted only at state-operated liquor stores. Upon passage of I-1183 in November 2011, the sale and distribution of spirits became privatized. The Liquor Control Board (LCB) was authorized to issue spirits retail sales licenses only for premises comprising at least 10,000 square feet and which met other requirements. Some exceptions to the square footage requirement included licensing an otherwise qualified contract liquor store at its contract location or to the holder of former state liquor store operating rights sold at auction.

I-1183 required spirits retail licensees to pay a license issuance fee of 17 percent of all spirits sales revenue under the license to LCB for deposit into the liquor revolving fund. This is in addition to other liquor liter and sales taxes. I-1183 permitted a spirits retail licensee to sell spirits to retailers licensed to sell spirits for on-premises consumption, such as bars and restaurants.

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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.*

ESSB 5644 which took effect on June 30, 2013, provided that 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 took effect immediately.

**Summary of Bill:** A spirits retail licensee who is either the owner of a qualified contract liquor store or the holder of former state liquor store rights which were bought at auction may sell its spirits retail license at market value and relocate the store. The party purchasing such rights must still meet all spirits retail licensing requirements as set by LCB. These include certain reporting requirements and requirements for license issuances and renewals.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Current LCB rules prohibit small liquor stores from moving to a less-saturated market area. We need the flexibility to change our location to improve our business.

CON: We paid a premium price for the right to sell liquor at the locations we own. This bill would allow others to move into our market area and destroy any advantage we have.

**Persons Testifying:** PRO: Trent House, Independent Liquor Store Assn.

CON: Ablom Mengstu, Ballard Liquor Store; Michale Beraki, citizen.