

# FINAL BILL REPORT

## ESHB 1965

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### C 26 L 15 E3

Synopsis as Enacted

**Brief Description:** Implementing a temporary additional fee on licenses and permits issued by the Washington state liquor control board.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Hudgins and Ormsby; by request of Liquor Control Board).

**House Committee on Commerce & Gaming**  
**House Committee on Appropriations**

#### **Background:**

The Liquor and Cannabis Board (Board) issues various licenses and permits relating to the production, distribution, and retail sale of beer, wine, and spirits. It also issues licenses for the production, processing, and retail sale of marijuana under the Controlled Substances Act. Each license and permit issued by the Board carries a fee, which is either fixed (as in the case of microbrewery licenses) or varied depending on sales (as in the case of the spirits retail license fee).

#### **Summary:**

A nonrefundable additional fee is imposed on all applications and renewals of licenses and permits relating to spirits, beer, and wine. The fee is equal to 6.2 percent of the licensing or permit fee that is otherwise due. The 17-percent spirits retail license fee and the 5- to 10-percent spirits distributor license fee are exempt from the additional fee.

A nonrefundable additional fee is imposed on all applications and renewals of licenses relating to marijuana under the Controlled Substances Act. The fee is equal to 6.2 percent of the license fee that is otherwise due.

In both cases, the fees apply to all applications and license modifications received after the effective date of the act, and to renewals of licenses expiring after June 30, 2015. Both fees expire June 30, 2017.

The Licensing and Enforcement System Modernization Project Account is created to receive the fees. Expenditures from the account may be used only for the cost of replacing and

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modernizing the Board's licensing, enforcement, and imaging systems. Improvements may include:

- automation of licenses and permits;
- electronic payments;
- data warehousing;
- project management and system testing;
- consulting;
- contracting;
- staff time; and
- necessary data conversion, software, hardware, and other equipment costs.

The act takes effect only if, by June 30, 2016, the licensing and enforcement modernization project has received a funding allocation from the information technology pool appropriated in the 2015-17 omnibus operating appropriations act. The Board must conduct a thorough business process examination, that includes evaluating and articulating how any new system procurement serves the current and future needs of Board stakeholders, prior to making any expenditure from the Licensing and Enforcement System Modernization Project Account. The Office of Financial Management (Office) must provide notice of the effective date of this act to the Liquor and Cannabis Board, the Chief Clerk of the House of Representatives, the Secretary of the Senate, the Office of the Code Reviser, and others deemed appropriate by the Office. The Director of the Board must authorize expenditures.

The fund is subject to generally applicable allotment procedures, but appropriation is not required for expenditures. The fund expires June 30, 2019.

**Votes on Final Passage:**

Third Special Session

House	58	40
Senate	29	16

**Effective:** Contingent