
Commerce & Gaming Committee

HB 1557

Brief Description: Concerning liquor licenses.

Sponsors: Representatives MacEwen and Stanford.

Brief Summary of Bill

- Modifies the liquor licensing process for annual liquor licenses.
- Provides that renewal of annual liquor licenses is due on the calendar date one year from the date of final license approval and that liquor licenses expire at midnight on this date.
- Eliminates existing provisions that currently: (1) make liquor licenses expire on June 30 of the fiscal year of license issuance; (2) require prorating of license fees for spirits, beer, and wine restaurant licensees during their first license year; and (3) grant the LCB discretion to prorate other liquor license fees through rule.
- Establishes a conditional license approval process for liquor license applicants who are otherwise qualified but the premises proposed to be licensed remains subject to a pending lease or purchase agreement.

Hearing Date: 2/4/19

Staff: Peter Clodfelter (786-7127).

Background:

The Liquor and Cannabis Board (LCB) issues various liquor licenses to qualified applicants wishing to engage in the manufacture, distribution, or retail sale of liquor in Washington state. Unless cancelled sooner, every liquor license issued by the LCB expires at midnight of June 30 of the fiscal year for which the license was issued.

The LCB may, if the LCB deems it feasible and desirable to do so, establish by rule a system for staggering the annual renewal dates for any and all liquor licenses. If the LCB establishes such a

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staggered license renewal system, license fees must be appropriately prorated during the first year the system is in effect. However, for one liquor license type, prorating of license fees is required in law: at the time of the original license issuance of a spirits, beer, and wine restaurant license, the LCB must prorate the license fee according to the number of calendar quarters, or portions thereof, remaining until the first renewal of the license.

When considering applications for liquor licenses and renewals of liquor licenses, the LCB may inspect the premises proposed to be licensed, and may inquire into all matters in connection with the construction and operation of the premises. The LCB may consider any prior criminal conduct of the applicant including an administrative violation history record with the LCB and a criminal history record information check.

The LCB also sends notice of the application and any license renewal application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the license is for an application outside of an incorporated city or town. The local government may file written objections with the LCB against the applicant or against the premises for which the new or renewal license applies, and may request a hearing that the LCB has discretion to hold. If the LCB makes an initial decision to deny a license or renewal based on the local government's written objections, the applicant may request a hearing. Upon the granting of a liquor license, the LCB sends written notice to the appropriate local government.

Before the LCB issues any liquor license it must give due consideration to the proposed location with respect to the proximity of churches, schools, and public institutions. Churches are defined as buildings erected for and used exclusively for religious worship and schooling or other connected activity. Public institutions are defined as institutions of higher education, parks, community centers, libraries, and transit centers.

The LCB must send written notice of the application, with receipt verification, to public institutions identified by the LCB as appropriate to receive the notice, churches, and schools within 500 feet of the premises proposed to be licensed. The LCB may not issue a liquor license for either on-premises or off-premises consumption covering any premises not currently licensed, if the premises is within 500 feet of any tax-supported public elementary or secondary school and the LCB receives written objection, within 20 days after receiving the notice, from an official representative(s) of the school indicating there is an objection to the issuance of the license due to proximity to the school.

The LCB has discretion to issue temporary retail or distributor licenses to applicants to operate the premises during the period the application is pending. If issued, a temporary license is valid for not longer than 60 days, but may be extended for additional periods of 60 days upon payment of an additional fee. Every liquor license issued is subject to all conditions and restrictions imposed by law and LCB rules, which if imposed may be listed on the face of the license along with the licensee's trade name, address, and the license expiration date.

Summary of Bill:

The liquor licensing and renewal process for annual liquor licenses is modified. For any liquor license issued by the Liquor and Cannabis Board (LCB) and subject to annual renewal, renewal

of the license is due on the calendar date one year from the date of final license issuance, and annually thereafter, rather than in relation to the date the application is submitted or another date. Unless cancelled sooner, every liquor license issued by the LCB expires at midnight of the calendar date one year following final license approval and license issuance.

Accordingly, provisions are eliminated that currently make every liquor license issued by the LCB expire at midnight of June 30 of the fiscal year for which the license was issued. Similarly, provisions are eliminated currently authorizing the LCB to establish by rule a system for staggering the annual renewal dates for liquor licenses and providing for prorated license fees during the first year of any such system established by rule. Additionally, the requirement is eliminated that the LCB must prorate the license fee charged to a new spirits, beer, and wine restaurant licensee in the first license year.

Provisions are added related to liquor license applications involving premises subject to a pending lease or purchase agreement. When an application for a liquor license subject to annual renewal is submitted to the LCB, and the applicant is otherwise qualified but the premises proposed to be licensed remains subject to a pending lease or purchase agreement not yet executed, the LCB must grant conditional license approval to the applicant. Upon the execution of the lease or purchase agreement putting the applicant in control of the premises, the license must immediately issue, and the licensee may immediately begin exercising all privileges provided under the license, except as otherwise provided in liquor laws. For the purposes of this new requirement, the term "licensee" in liquor statutes includes "conditional licensee."

Outdated references to the Liquor Control Board are corrected, to reflect the agency's new name.

Appropriation: None.

Fiscal Note: Available.

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