

# SENATE BILL REPORT

## ESHB 1557

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As Passed Senate, April 15, 2019

**Title:** An act relating to updating the liquor licensing process for annual licenses to address issues typically occurring between the time an applicant submits an application through the first renewal.

**Brief Description:** Concerning liquor licenses.

**Sponsors:** House Committee on Commerce & Gaming (originally sponsored by Representatives MacEwen and Stanford).

**Brief History:** Passed House: 3/11/19, 98-0.

**Committee Activity:** Labor & Commerce: 3/19/19, 3/21/19, 3/26/19 [DP].

**Floor Activity:**

Passed Senate: 4/15/19, 48-0.

### Brief Summary of Bill

- Requires the original issuance of a liquor license to have an expiration date of the last day of the calendar month that is 12 months from the its final approval.
- Eliminates existing provisions that currently (1) expire licenses on June 30th 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 Liquor and Cannabis Board discretion to prorate other liquor license fees.
- Establishes a conditional license approval process for liquor license applicants who are otherwise qualified, except the proposed premises are still subject to a pending lease or purchase agreement.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Majority Report:** Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Braun, Saldaña, Walsh and Wellman.

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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.*

**Staff:** Richard Rodger (786-7461)

**Background:** Every liquor license issued by the Liquor and Cannabis Board (LCB) expires at midnight of June 30th of the fiscal year for which the license was issued, unless cancelled sooner.

The LCB may establish by rule a system for staggering the annual renewal dates for any and all liquor licenses. If the LCB establishes such a staggered license renewal system, license fees must be appropriately prorated during the first year the system is in effect. However, prorating of license fees is required at the time of the original license issuance of a spirits, beer, and wine restaurant 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 local government where the business will be located. 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. The LCB must also send written notice of the application to public institutions identified by the LCB as appropriate to receive the notice, churches, and schools within 500 feet of the proposed premises. The LCB may not issue an original liquor license for either on-premises or off-premises consumption, 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, from an official representative of the school indicating an objection due to proximity to the school.

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:** For the original issuance of a liquor license, including approval of a condition license, the LCB must set the expiration date of the license to the last day of the calendar month that is 12 months from the calendar month in which final approval of the license is granted. Upon renewal, the expiration date of the license may subsequently be prorated as necessary in accordance with the Business Licensing Service Act.

Accordingly, provisions are repealed that currently make every liquor license issued by the LCB expire at midnight of June 30th of the fiscal year for which the license was issued. Provisions 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 are repealed. Additionally, the requirement that the LCB must prorate the license fee charged to a new spirits, beer, and wine restaurant licensee in the first license year is repealed.

Provisions are added related to liquor license applications involving premises subject to a pending lease or purchase agreement. When an applicant for a liquor license is qualified for

approval of the license in every way except for having executed a lease or purchase agreement for the proposed licensed premises, the LCB must grant conditional license approval to the applicant. Upon notification to the LCB of execution of the lease or purchase agreement putting the applicant in control of the premises, the LCB must immediately grant final approval of the license issuance, 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 license in liquor statutes includes conditional licenses.

Outdated references to the Liquor Control Board are corrected.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill takes effect on January 1, 2020.

**Staff Summary of Public Testimony:** None.

**Persons Testifying:** No one.

**Persons Signed In To Testify But Not Testifying:** No one.