

SENATE BILL REPORT

SB 5296

As Reported by Senate Committee On:
Labor & Commerce, February 20, 2019

Title: An act relating to the liquor and cannabis board.

Brief Description: Concerning the liquor and cannabis board. [**Revised for 1st Substitute:**
Making technical corrections to liquor and cannabis board statutes.]

Sponsors: Senator Keiser.

Brief History:

Committee Activity: Labor & Commerce: 1/22/19, 2/20/19 [DPS].

Brief Summary of First Substitute Bill

- Makes technical and clarifying changes to the Liquor and Cannabis Board's statutes.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5296 be substituted therefor, and the substitute bill do pass.

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

Staff: Richard Rodger (786-7461)

Background: The LCB is the state's lead regulatory agency covering the licensing and regulation of the liquor, cannabis, tobacco, and vaping industries.

The LCB is composed of three members appointed by the Governor to six-year terms. The LCB holds regular public meetings and work sessions with stakeholders, makes policy and budget decisions, and adjudicates contested license applications and enforcement actions on licensees.

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.

Summary of Bill (First Substitute): Multiple revisions are made to the LCB's statutes including making technical corrections, deleting expired budgetary directives, merging prior double amendments, and the decodification of an old directive to the agency.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Deletes all substantive provisions and retains all the technical corrections.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: Yes.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The Legislature had been involved in the minutia of the liquor system, especially since we privatized the system. We wanted to have pretty tight limits and controls for public safety reasons. Now may be the time to let the LCB take care of some of these less substantive issues that we've been grappling with over the last few years. We generally support the legislation, but we're not seeking authority to create new license or permit types or to adjust any fees. That authority should remain with the Legislature and the Governor. It makes sense for the Legislature to explicitly encourage the agency to address a number of issues that do not constitute a public safety risk or raise concerns about youth access. The quorum for the LCB should only include the voting members, as the legislative members may find it difficult to attend the LCB's hearings during the legislative sessions. In our view, the reason there are so many bills is because of a LCB unwritten policy saying whatever is not permitted expressly is prohibited.

CON: We think the policy decisions on both expanding sales and marketing of alcohol need to be made by the Legislature not the LCB. Any changes to the prohibitions regarding alcohol sales should also be made by the Legislature. While many of bill's policy changes may seem small, we think Legislature's process is the correct way to revise the law and it should not be transferred to an agency. Most of the issues before the Legislature have been resolved successfully resolved after careful consideration of their effect, not just on public health and safety, but also effective administration in the system, and by maintaining open market place. The emerging and competing interests in the liquor industry should be resolved by the Legislature, as it is the body best suited to balance the market needs versus the public safety needs. Our industry has made a great effort to bring consensus legislation before this body to help reduce it's workload.

We believe that the legislative ideas you hear has of great policy importance for both fiscal and health related reasons. There is a recent study concluding that there is no safe level of alcohol consumption and the Center for Disease Control estimates that excessive drinking cost the United States trillions of dollars each year and that Washington has the highest fiscal

impact for excessive drinking. The prevention community agree with the industry members testifying here today.

OTHER: The technical corrections made in the bill are overdue. Before making changes to the LCB or moving forward with changes to the rulemaking process, legislators and stakeholders should take a comprehensive look at the statutes and potential fixes and report back with any recommended changes. We have some concerns with granting more policy authority to the LCB. The provisions blur the lines between the policy makers and the regulators. The committee should look transparency and the enforcement activities by the LCB, as there are inconsistencies in their actions.

Persons Testifying: PRO: Senator Karen Keiser, Prime Sponsor; Paul Beveridge, Family Wineries of Washington State; Rick Garza, LCB.

CON: Scott Hazlegrove, Washington Beer and Wine Distributors Association; James McMahan, Washington Association of Sheriffs and Police Chiefs; Seth Dawson, Washington Association for Substance Abuse and Violence Prevention; Ron Main, Association of Washington Spirits and Wine Distributors.

OTHER: Zachary Lindahl, Washington Hospitality Association; Carolyn Logue, Washington Food Industry Association; Josh McDonald, Washington Wine Institute.

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