

HOUSE BILL REPORT

2SHB 1359

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to temporarily reducing liquor license fees.

Brief Description: Reducing liquor license fees temporarily.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Stonier, MacEwen, Robertson, Shewmake, Ormsby and Macri).

Brief History:

Committee Activity:

Commerce & Gaming: 1/29/21, 2/5/21 [DPS], 2/3/22 [DP3S].

Brief Summary of Third Substitute Bill

- Temporarily reduces, by half, liquor license fees for specific liquor retailers and for distilleries and distillery off-site tasting rooms.
- Applies the temporary license fee reduction to identified licenses set to expire or issued in the time period of May 1, 2022, through December 31, 2023.
- Reverts to current license fee amounts beginning in January 2024.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: The third substitute bill be substituted therefor and the third substitute bill do pass. Signed by 8 members: Representatives Kloba, Chair; Wicks, Vice Chair; MacEwen, Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Chambers, Kirby, Vick and Wylie.

Minority Report: Without recommendation. Signed by 1 member: Representative Morgan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Peter Clodfelter (786-7127)

Background:

Among the liquor licenses issued by the Liquor and Cannabis Board (LCB) are the following licenses:

- spirits, beer, and wine restaurant license, with an annual license fee of \$2,000, \$1,600, or \$1,000 depending on the size of the licensee's dedicated dining area and type of service;
- hotel license, with an annual fee of \$2,000;
- spirits, beer, and wine nightclub license, with an annual fee of \$2,000;
- spirits, beer, and wine theater license, with an annual fee of \$2,000;
- spirits, beer, and wine caterer's license, with an annual fee of \$1,000;
- distiller license, with an annual fee of \$2,000; and
- distiller off-site tasting room license, with an annual fee of \$2,000 per tasting room.

For the original issuance of a liquor license, the LCB sets 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 of the license may be prorated as necessary pursuant to the Business Licensing Service Act.

The LCB coordinates with the Department of Revenue (DOR) to process liquor license applications through the DOR's Business Licensing Service (BLS). The BLS is a one-stop system for businesses to acquire and maintain the necessary state licenses to conduct business. The DOR assigns an expiration date for each business license, which is the last day of a calendar month. All renewable licenses endorsed on the business license must expire on that date. License fees must be prorated to accommodate the staggering of expiration dates. License fees received by the LCB are deposited in the Liquor Revolving Fund.

Summary of Bill (Third Substitute):

Legislative findings and intent are included regarding businesses in the hospitality industry. Beginning on May 1, 2022, and through December 31, 2023, the amount of the annual fee for the following liquor licenses is reduced by half:

- spirits, beer, and wine restaurant license;
- hotel license;
- spirits, beer, and wine nightclub license;
- spirits, beer, and wine theater license;
- spirits, beer, and wine caterer's license;
- distiller license; and
- distiller off-site tasting room license.

The temporary license fee reduction expires on December 31, 2023. Licenses set to expire or issued in January 2024 and after are subject to the full fee amount typically owed for the license.

Third Substitute Bill Compared to Second Substitute Bill:

The third substitute bill makes the following changes compared to the second substitute bill:

- amends the current versions of sections of the Revised Code of Washington that address liquor licenses and that were amended in 2021 by separate legislation enacted into law;
- updates references to dates in the intent section; and
- changes the effective date of the bill to May 1, 2022, from May 1, 2021.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Third Substitute Bill: The bill contains an emergency clause and takes effect on May 1, 2022.

Staff Summary of Public Testimony:

See House Bill Report in the 2021 legislative session.

Persons Testifying: See House Bill Report from 2021 legislative session.

Persons Signed In To Testify But Not Testifying: See House Bill Report from 2021 legislative session.