

HOUSE BILL REPORT

ESSB 5272

As Passed House:

February 23, 2021

Title: An act relating to temporarily waiving certain liquor and cannabis board annual licensing fees.

Brief Description: Concerning temporarily waiving certain liquor and cannabis board annual licensing fees.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rolfes, Frockt, Conway, Das, Dhingra, Keiser, Lovelett, Mullet, Nguyen, Nobles, Randall, Saldaña, Stanford, Wilson, C. and Wilson, J.).

Brief History:

Committee Activity:

Appropriations: 2/18/21, 2/19/21 [DP].

Floor Activity:

Passed House: 2/23/21, 93-4.

Brief Summary of Engrossed Substitute Bill

- Waives fees for certain liquor licenses administered by the Liquor and Cannabis Board for a period of one year.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

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: Linda Merelle (786-7092).

Background:

Liquor Licenses.

Liquor licenses for the manufacture, distribution, and retail sale of beer, wine, and spirits are issued by the Liquor and Cannabis Board (LCB). The LCB issues liquor licenses and permits for more than 16,500 qualified businesses, such as breweries, wineries, grocery stores, restaurants, and nightclubs. A qualifying business or licensee may also obtain certain license endorsements or special occasion licenses that allow the license holder to serve alcohol for on-premise consumption, or at certain specified events, such as banquets or tasting rooms.

License fees range from \$20 to \$2,500, depending on the license type, and are generally renewed annually. The vast majority of license fees fall within the range of \$100 to \$2,000.

Distribution of Liquor License Fees.

All license fees are deposited into the Liquor Revolving Account. The distribution of revenue from liquor license fees is governed by several statutes. The recipients of those funds include local jurisdictions, the University of Washington, Washington State University, and the Health Care Authority. After funds are distributed according to statutory requirements, a portion of the remaining funds are deposited into the State General Fund.

Summary of Bill:

The fees for the following liquor licenses are waived for 12 months:

- distillers, distill/rectify, fruit/wine distillery, craft distillery;
- distillery/craft distillery tasting room;
- domestic wineries;
- domestic breweries;
- microbreweries;
- beer/wine restaurant;
- tavern;
- snack bar;
- spirits/beer/wine restaurant;
- nonprofit arts;
- motel;
- sports entertainment facility;
- public house;
- hotel;
- spirits/beer/wine nightclub;

- beer/wine theater;
- spirits/beer/wine theater;
- senior center; and
- caterers.

The 12-month waiver period begins the calendar month after the effective date of this act.

The waiver applies to:

- renewals of licenses that expire during the 12-month waiver period; and
- new licenses issued to persons who were previously licensed at any point in the year immediately preceding the 12-month waiver period.

The waiver does not apply to a licensee:

- whose license was suspended by the LCB for health and safety violations of state COVID-19 guidelines; or
- who has received an order of restraint or citation from the Department of Labor and Industries (L&I) for allowing an employee to work where business activity was prohibited in violation of an emergency proclamation by the Governor.

The LCB and the L&I must both provide to the Department of Revenue a list of persons they have determined to be ineligible for a fee waiver. The list must be provided within 15 days following a request, unless agreed otherwise.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Many businesses are hanging by a thread. Liquor licenses are often the largest annual fees for a business. Temporarily waiving or reducing licensing fees is a much-appreciated policy and provides help to smaller businesses that need it most.

(Opposed) None.

Persons Testifying: Jim Hedrick, Washington Distillers Guild; and Katie Doyle, Washington Hospitality Association.

Persons Signed In To Testify But Not Testifying: None.