

HOUSE BILL REPORT

EHB 2358

As Passed House:

April 21, 2009

Title: An act relating to increasing liquor license fees limited to fees for beer and/or wine restaurants.

Brief Description: Increasing liquor license fees limited to fees for beer and/or wine restaurants; taverns; snack bars; combined beer and wine retailers; grocery stores; beer and/or wine specialty shops; passenger trains, vessels, and airplanes; spirits, beer, and wine restaurants; spirits, beer, and wine private clubs; beer and wine private clubs; and public houses.

Sponsors: Representative Conway.

Brief History:

Committee Activity:

Ways & Means: 4/16/09, 4/18/09 [DP].

Floor Activity

Passed House: 4/21/09, 50-47.

Brief Summary of Engrossed Bill

- Raises specific retail liquor license fees by 10.5 percent for the 2009-11 biennium.
- Requires the increased revenue to be used only for the administration and enforcement of the affected licenses.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 13 members: Representatives Linville, Chair; Ericks, Vice Chair; Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew and Sullivan.

Minority Report: Do not pass. Signed by 9 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Hinkle, Priest, Ross, Schmick and Seaquist.

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: Serah Stetson (786-7109) and Joan Elgee (786-7106)

Background:

The Liquor Control Board (Board) issues a number of types of retail liquor licenses. For some licenses, there are also endorsements available that allow additional activities. Licensees pay an annual fee to the Board.

The distribution of license fee revenue depends on the type of license. Revenue from spirits, beer, and wine restaurant and private club fees is distributed to the state toxicology program for death investigations, and to the University of Washington, Washington State University, and the Department of Social and Health Services for alcoholism and drug abuse purposes. A portion of the revenue from grocery store, snack bar, and tavern fees is dedicated to alcoholism and drug abuse purposes and the remainder goes into the Liquor Revolving Fund (revolving fund). The revolving fund is used for administering the liquor provisions. Excess funds from the revolving fund are distributed according to a formula to border areas, the General Fund, and cities and counties. The entirety of other retail license fees goes into the revolving fund.

Summary of Engrossed Bill:

Specific retail liquor license and license endorsement fees are raised by 10.5 percent for the 2009-11 biennium as follows:

License	Current Fee	Proposed Fee
Grocery License	\$150	\$166
<i>International Exporter Endorsement</i>	\$500	\$553
Public House License	\$1,000	\$1,105
Beer and/or Wine Specialty Shop License	\$100	\$111
Snack Bar License	\$125	\$138
Interstate Common Carrier's License	\$750	\$829
<i>Duplicate License - Additional Locations</i>	\$5	\$6
Private Club - Beer and/or Wine License	\$180	\$199
<i>Sale of Unopened Wine for Off-Premises Consumption Endorsement</i>	\$120	\$133
Private Club - Spirits, Beer, and Wine License	\$720	\$796
<i>Non-Club Event Endorsement</i>	\$900	\$995
<i>Sale of Unopened Wine for Off-Premises Consumption Endorsement</i>	\$120	\$133
Restaurant Beer and/or Wine		
Beer only	\$200	\$221
Wine only	\$200	\$221
Beer and Wine	\$400	\$442
Sale of Beer and/or Wine for Off-Premises Consumption	\$120	\$133
<i>Caterer's Endorsement</i>	\$350	\$387
<i>Caterer's Storage at Other Locations Endorsement</i>	\$20	\$22

Restaurant Spirits, Beer, and Wine (public or private)		
Less than 50% dedicated dining area	\$2,000	\$2,210
50% or more dedicated dining area	\$1,600	\$1,768
Service bar only	\$1,000	\$1,105
<i>Caterer's Endorsement</i>	\$350	\$387
<i>Caterer's Storage at Other Locations Endorsement</i>	\$20	\$22
<i>Sale of Unopened Wine for Off-Premises Consumption Endorsement</i>	\$120	\$133
<i>Kegs-to-go Endorsement</i>	\$120	\$133
<i>Private Club - Non-Club Event Endorsement</i>	\$900	\$995
<i>Duplicate License - Civic/Convention Center Additional Location</i>	\$10	\$11
Tavern - No persons under 21 allowed		
Beer only	\$200	\$221
Wine only	\$200	\$221
Both	\$400	\$442
Sale of Beer and/or Wine for Off-Premises Consumption	\$120	\$133

The 2009-11 fee increase revenue is not subject to the distribution otherwise specified for license fees and may be used only for the administration and enforcement of the affected licenses.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) None.

(Opposed) The retail industry is facing this dire economic situation and the pressures associated with it along with the state. The retail industry has already shed over 9,000 jobs. The retail industry in the state is facing declining traffic and customers purchasing products in a different fashion resulting in declining retail margins that rival the lowest in the nation. This is all exacerbated by the jump in the minimum wage in January. This bill does add costs and the only way that the retail industry can respond is to reduce hours, reduce benefits, reduce jobs, or in the worst case scenario shut down entirely.

This isn't a good time to raise these license fees. Restaurants are already facing increased labor costs and increased food costs. Increased licensing fees add additional margin pressure to these businesses that already must pay a variety of fees. All of these fees add up.

Small business owners are encountering a vast array of trials in getting a business up and running. There are approximately 115 licensed breweries in the state of Washington and many of them have brew pubs or other retail establishments attached or on a second location. Many of the industries in Washington are on a decline but microbreweries are actually growing which is creating jobs for the state. Given increases in hop and grain prices, every penny counts. Having all possible funds on hand to support small business growth is important. At the end of the month, any additional fee increases are extremely burdensome.

Most licensing fees go into dedicated accounts for the purpose of enforcing the activities covered by the license. This is a different issue because the increased fees go to different programs across the state which raises an I-960 question. The issue should be "how much do we need to enforce the licensing act?" and not "how do we raise more funds for additional programs?"

Persons Testifying: T.K. Bentler, Washington Brewers' Guild, Washington State Hotel and Lodging Association, and Washington Association of Neighborhood Stores; Heather McClung, Washington Brewers' Guild; Bruce Beckett, Washington Restaurant Association; and Mark Johnson, Washington Retail Association.

Persons Signed In To Testify But Not Testifying: None.