

SENATE BILL REPORT

ESSB 5272

As Passed Senate, February 3, 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: Labor, Commerce & Tribal Affairs: 1/20/21 [w/oRec-WM].
Ways & Means: 1/25/21, 1/28/21 [DPS].

Floor Activity:

Passed Senate: 2/3/21, 48-1.

Brief Summary of Engrossed First Substitute Bill

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

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5272 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Schoesler, Assistant Ranking Member, Capital; Braun, Carlyle, Conway, Darneille, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Liias, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and

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.

Wellman.

Staff: Alia Kennedy (786-7405)

Background: Liquor licenses for the manufacture, distribution, and retail sale of beer, wine, and spirits are issued by the Liquor and Cannabis Board (LCB). 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 tend to range in cost from \$20 to \$2,500, depending on the license type, and are generally renewed annually.

Summary of Engrossed First Substitute 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 one 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 any licensee that:

- had their license suspended by LCB for health and safety violations of state COVID-19 guidelines; or
- 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 of the Governor.

LCB and LNI must both provide the Department of Revenue (DOR) 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.

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

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The intent of this bill is to provide a bit of financial support to businesses. Businesses have been devastated by the COVID-19 shutdowns. Liquor license fees are often one of a businesses largest annual expense. Most businesses have not been able to utilize the liquor license to its full extent or at all over the past year. Small and independent breweries and distillers rely on on-premises sales or sales to local bars and other establishments for their largest source of revenue. The cost of an annual license fee could pay a business owner's rent or other expense.

Persons Testifying: PRO: Senator Christine Rolfes, Prime Sponsor; Katie Doyle, Washington Hospitality Association; Annie McGrath, Washington Brewers Guild; Jim Hedrick, Washington Distillers Guild.

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