

HOUSE BILL ANALYSIS

SSB 5364

Brief Description: Administering and designating liquor licenses.

Sponsors: Senators Prentice and Winsley

Hearing: March 22, 1999

Brief Summary of Bill

- Corrects references to the previous alphabet liquor license designations to reflect the new license designations based on the type of business.
- Clarifies that the calculation of an amount for distribution to state and local governments from liquor sales includes 10 percent of gross liquor sales by the Board to certain retail licensees less a 15 percent discount allowed for these sales.
- Provides that the surety bond requirement for the payment of wine and beer taxes is permissive and not mandatory.

BACKGROUND:

Correcting licensing terminology.

In 1997, the liquor licensing scheme changed from licenses designated by letters of the alphabet to licenses designated by the type of business. For example, a class H license became a spirits, beer and wine restaurant license and a class H private club license became a spirits, beer and wine private club license. Under the new licensing scheme, a sports facility license allows the licensee to serve spirits, beer and wine at events for consumption on the premises. References to the old alphabet licensing scheme still appear in some of the liquor laws.

Set aside of gross sales to certain retail liquor licensees.

The Liquor Control Board must set aside 10 percent of gross sales of liquor to restaurants, private clubs and sports facilities who are licensed to sell liquor for consumption on the premises. This set aside is distributed to cities, counties, areas along the Washington-Canadian border and the state's general fund. However, sales of spirits made to these licensees by the board are subject to a 15 percent discount. This discount is not specifically referenced in the requirement to set aside 10 percent of the gross sales for distribution. The Board has been setting aside 10 percent less the 15 percent discount. This practice was the subject of a finding in a routine audit report by the state auditor for the year ending June 30, 1997.

Surety bonds for payment of liquor taxes.

A wine tax is imposed on all sales of wine to wine distributors and the liquor board. Once the wine is sold, it may be picked up by the distributor at the winery or from a bonded wine warehouse. An individual may be licensed to maintain a warehouse to store bottled wine off the premises of the winery. An applicant for this license must post a tax bond in the amount of \$5,000 prior to issuance of the bonded wine warehouse license.

A beer tax is imposed on sales of beer by breweries and beer distributors. Breweries and distributors must post a surety bond for payment of the tax with the board in an amount set by the board.

SUMMARY OF BILL:

References to liquor licenses using the prior alphabet licensing designations are changed to reflect the new license designations for the type of business.

The requirement to set aside 10 percent of gross liquor sales to restaurants, private clubs and sports facilities who are licensed to sell liquor for consumption on the premises, is clarified to reflect that the amount set aside is 10 percent of gross sales less the 15 percent discount that applies to these sales.

Surety bonds for the payment of liquor taxes on the sales of wine and beer are no longer mandatory, but may be required by the board.

RULES AUTHORITY: The bill does not contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Available.

EFFECTIVE DATE: Ninety days after adjournment of a session in which bill is passed.