

# SENATE BILL REPORT

## SB 5364

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As Reported By Senate Committee On:  
Commerce, Trade, Housing & Financial Institutions, February 23, 1999

**Title:** An act relating to the administration and designation of liquor licenses.

**Brief Description:** Administering and designating liquor licenses.

**Sponsors:** Senators Prentice, Winsley and Shin; by request of Liquor Control Board.

**Brief History:**

**Committee Activity:** Commerce, Trade, Housing & Financial Institutions: 2/9/99, 2/23/99  
[DPS].

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### SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5364 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Benton, Gardner, Hale, Heavey, Rasmussen, T. Sheldon and West.

**Staff:** Catherine Mele (786-7470)

**Background:** The Liquor Control Board licenses those who manufacture, distribute, or sell to the public beer, wine, or liquor. During 1997 and 1998, the Legislature eliminated an alphabet based licensing structure and replaced it with a licensing structure that names the specific privilege or privileges granted to the licensee. For example, a restaurant that sells spirits, beer, and wine by the drink is issued a spirits, beer, and wine restaurant license.

The Liquor Control Board must set aside 10 percent of gross liquor sales made to certain licensees. However, there is a conflicting statute which requires the board to give a 15 percent discount to licensees who purchase liquor directly from the board. The set aside statute does not take into account the 15 percent discount and requires the board to set aside income not received because of the discount.

The board requires wine warehouse licensees to post a wine tax surety bond in the amount of \$5,000. The law also requires a tax to be paid on any beer sold in Washington whether manufactured inside or outside the state. The board requires a surety bond for this beer tax. The board sets the amount of the bond.

**Summary of Substitute Bill:** Many technical changes are made to delete outdated alphabetical licensing references and replace them with new terms describing the specific privilege granted to the licensee. The Liquor Control Board pays 10 percent of gross sales less a 15 percent discount to the liquor revolving fund. The requirements for tax surety bonds for wine warehouse licensees and for the taxes on beer are made permissive.

**Substitute Bill Compared to Original Bill:** A section regarding beer taxes is repealed and placed elsewhere in statute.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 1999.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill makes technical changes needed to modernize the law and bring it into conformity with prior legislative changes. It also makes changes requested by a recent State Auditor's report. This bill streamlines the surety bond requirement by requiring a bond only for licensees who experience problems paying taxes.

**Testimony Against:** None.

**Testified:** David E. Goyette, Liquor Control Board (pro).