

SENATE BILL REPORT

SB 5366

As Reported by Senate Committee On:
Labor, Commerce & Consumer Protection, January 29, 2009

Title: An act relating to licensing administration for cigarettes and tobacco products.

Brief Description: Modifying licensing provisions for cigarettes and tobacco products.

Sponsors: Senators Holmquist, Kohl-Welles and Shin; by request of Liquor Control Board.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/29/09 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Holmquist, Ranking Minority Member; Franklin, Honeyford, King and Kline.

Staff: Ingrid Mungia (786-7423)

Background: Legislation enacted in 1995 requires anyone selling tobacco products to have a Tobacco Wholesaler or Retailer License through the Department of Revenue's Master License System. The license fee for wholesalers is \$650 for the first location and \$115 for each additional place of business. The license fee for retailers is \$93 for each location. A criminal background check is required for a Tobacco Wholesaler License and a Cigarette Wholesaler License.

The Washington State Liquor Control Board's Tobacco Tax Enforcement Unit was formed in June of 1997 to enforce assessment of unpaid tobacco taxes for state collection by the Department of Revenue. The Tobacco Tax Enforcement Unit ensures that people who sell tobacco in Washington State are properly licensed, have paid the appropriate state taxes, and do not sell tobacco to those under 18 years of age.

Summary of Bill: The Liquor Control Board (Board) is given the administrative authority to approve, deny, suspend, or revoke retail, wholesale, or distributor's applications for a cigarette and tobacco product license. A criminal background check is required for a wholesaler's, retailer's, and distributor's license. The Board may consider any prior criminal conduct of the applicant, including an administrative violation history record with the Board

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and a criminal history record information check. If the Board makes an initial decision to deny a license or renewal, or suspend or revoke a license, the applicant may request a hearing under the Administrative Procedure Act.

Cigarette and Tobacco licenses must be exhibited in the place of business for which it is issued and in the manner required for the display of a master license under chapter 19.02 RCW.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This is a Liquor Control Board request bill. The Board wants administrative authority to take action against those that do pay cigarette taxes. Currently, the Board goes in to licensed premises to see if they are selling contraband, cigarettes that don't have stamps on them. Often times the Board can take criminal action, but they can't take the license away. We want these retailers to have to get a tobacco license like they get a liquor license. This is really about discount retail shops that don't sell cigarettes today. With an annual license the Board will be able to know the violation occurred and remove the license from them. The Department of Health (DOH) has a long standing relationship with the Board that has to do with retail compliance and an agreement they won't sell to those under 18 years of age. This will make it easier for the DOH to track problem retailers that sell tobacco to minors. It is important to know where stores are located that sell cigarettes to minors.

Persons Testifying: PRO: Rick Garza, Liquor Control Board; Mary Selecky, DOH.