

# HOUSE BILL REPORT

## HB 2305

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**As Reported by House Committee On:**  
Government Accountability & Oversight

**Title:** An act relating to the regulation of alcoholic beverages.

**Brief Description:** Concerning the regulation of alcoholic beverages.

**Sponsors:** Representative Pettigrew; by request of Liquor Control Board.

**Brief History:**

**Committee Activity:**

Government Accountability & Oversight: 1/23/14, 1/27/14 [DP].

**Brief Summary of Bill**

- Removes references to obsolete state-run liquor system.
- Clarifies use of term "liquor."
- Clarifies who may serve alcoholic beverages in areas not off-limits to those under age 21.

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### HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

**Majority Report:** Do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso, Shea and Vick.

**Staff:** David Rubenstein (786-7153).

**Background:**

State Liquor System.

Initiative 1183 (I-1183), enacted into law by Washington voters in 2011, eliminated Washington's state-run and contract liquor store system in favor of private retailers. Under the state-run system, state-run and contract liquor stores purchased liquor at wholesale and sold it to the public with a tax and markup, or the gross profit to the state on the sale of

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liquor. After I-1183, state-run stores operated by the Liquor Control Board (LCB) were closed and contract stores became independent private retailers, similar to any other licensee.

Numerous references to the now-defunct state liquor system remain in the title 66 RCW, the alcoholic beverage control code. Because of I-1183, many of those references are now meaningless.

#### Sales Taxes.

Initiative 1183 required that all taxes collected on the sale of spirits continue to apply and modified a statute imposing sales taxes on spirits to reflect the new system. However, statutes relating to sampling and permits to purchase spirits do not reference the sales tax statute.

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#### **Summary of Bill:**

References to the now defunct state-run and contract liquor store system are eliminated from statutory sections providing for purchase and sale procedures, importation of liquor, penalties for violations, taxes, and discounts for certain licensees purchasing spirits at state-run liquor stores.

The bill repeals a statute allowing certain licensees to purchase spirits at a discount from the LCB.

References to "markup" are removed from liquor control statutes.

Reference to a sales tax statute is added to sections relating to liquor permits and sampling.

"Liquor," which includes distilled spirits, wine, and beer, is changed to "spirits" where wine and beer are already provided for.

The timing and copies required of reporting by spirits certificate of approval holders are modified.

The bill clarifies that 18-21 year-old employees of liquor licensee restaurants and clubs may serve liquor except in areas classified as off-limits to persons under 21 years old.

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**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) This bill makes technical corrections to remove relic language, clarifies where minors might serve liquor, and changes some references to the more appropriate title "spirits" rather than "liquor."

(Opposed) None.

**Persons Testifying:** James Paribello, Liquor Control Board.

**Persons Signed In To Testify But Not Testifying:** None.