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**Commerce & Gaming Committee**

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**HB 2701**

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

**Sponsors:** Representatives Wylie, Vick, Springer, Hickel and Fey.

**Brief Summary of Bill**

- Authorizes a nonprofit organization that obtains a special occasion liquor license to sell wine in original, unopened containers for consumption on the licensed premises.
- Authorizes the Liquor and Cannabis Board (LCB) to issue a license endorsement allowing a domestic winery to sell wine of its own production, for off-premises consumption, at a nonprofit organization's licensed special occasion event.
- Clarifies that spirits donated at specified types of events pursuant to a special permit are subject to the spirits excise tax.
- Authorizes the LCB to issue a special permit for the sale of a private collection of wine or spirits to an individual or business.
- Makes technical clarifications and corrections to various state liquor statutes.

**Hearing Date:** 2/1/16

**Staff:** Thamas Osborn (786-7129).

**Background:**

Special Occasion Liquor License.

A nonprofit organization that obtains a special occasion liquor license from the Liquor and Cannabis Board (LCB) may sell spirits, beer, and wine by the individual glass to be consumed on the premises specified in the license. This license permits the licensee to serve liquor at a specified event, on a specified date, and at a specified place. The fee for this license is \$60 per day, and the organization is limited to sales on no more than 12 days per year.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The sale, service, and consumption of spirits, beer, or wine is limited to a designated area only. If an organization gets prior permission from the LCB, the licensee may sell spirits, beer, or wine in original, unopened containers for off-premises consumption as well.

#### Taxes on Liquor Donated Pursuant to a Special Permit.

The LCB can issue a variety of special permits that allow vendors, manufacturers, importers, or distributors to provide liquor without a charge to delegates and guests at specified events. These events include trade association conventions for liquor licensees, as well as international trade fairs, shows, or expositions sponsored by a governmental entity or nonprofit organization. The donated liquor must be purchased from a spirits retailer or distributor and is subject to the applicable liter taxes for wines and cider and the barrel taxes on beer. The special permit statute does not specify that taxes are imposed on donated spirits.

#### Special Permits.

The LCB is authorized to issue a variety of special permits for selling, serving, and handling alcohol at specified events or to persons or entities that do not hold a liquor license. There are no special permits for the sale of private wine or spirits collections.

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

##### Special Occasion Liquor Licenses.

A nonprofit organization that obtains a special occasion liquor license may sell wine in original, unopened containers for consumption on the licensed premises provided prior permission is obtained from the LCB.

In addition, a domestic winery may apply for an endorsement to sell wine of its own production, for off-premises consumption, at a nonprofit organization's licensed special occasion event. The winery is entitled to the proceeds of these retail sales. The fee for this endorsement is \$75 per year.

##### Clarification on Donated Liquor.

A cross-reference to the spirits excise tax statute is added to statutory provisions governing the issuance of special permits allowing vendors, manufacturers, importers, and distributors to provide liquor without charge to delegates and guests at specified events. Adding this spirits tax cross-reference clarifies that donated spirits are subject to state tax, as are donated wine and beer.

##### Special Permit to Sell a Private Collection of Wine or Spirits.

An individual or business may apply to the LCB for a special permit to sell a private collection of wine or spirits to another individual or business. The seller must obtain a permit at least five business days before the sale, for a fee of \$25 dollars per sale. The seller must report the sales information and pay any taxes due to the LCB within 20 days of the sale.

This special permit may be issued to allow the sale of a private collection to an LCB licensee. The permit does not allow an LCB licensee to sell to a private individual or business if such sale is not otherwise authorized under the seller's license. If the liquor is purchased by a LCB licensee, the subsequent resale of such liquor is fully subject to all pertinent excise and sales taxes.

Technical Clarifications and Corrections.

A number of technical clarifications and corrections are made to various state liquor statutes. An obsolete statute dating before Initiative 1183 and authorizing discounted liquor sales by the LCB to specific entities is repealed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.