

SENATE BILL REPORT

SB 5400

As Reported by Senate Committee On:
Commerce & Labor, March 25, 2015

Title: An act relating to a temporary additional fee on licenses and permits issued by the Washington state liquor control board.

Brief Description: Implementing a temporary additional fee on licenses and permits issued by the Washington state liquor control board.

Sponsors: Senators Conway and Hasegawa; by request of Liquor Control Board.

Brief History:

Committee Activity: Commerce & Labor: 3/25/15 [DP-WM].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Hasegawa, Ranking Minority Member; Conway, Keiser, King and Warnick.

Staff: Richard Rodger (786-7461)

Background: The Liquor Control Board (LCB) issues various licenses and permits relating to the production, distribution, and retail sale of beer, wine, and spirits. It also issues licenses for the production, processing, and retail sale of marijuana under the Controlled Substances Act. Each license and permit issued by LCB carries a fee which is either a fixed amount or varied, depending on the amount of sales revenue.

Summary of Bill: A nonrefundable additional fee is imposed on all applications and renewals of licenses and permits relating to spirits, beer, wine, and marijuana. The fee is equal to 11 percent of the licensing or permit fee that is otherwise due. Exemptions are provided for both the spirits retail license fee and the spirits distributor license fee.

The new fees apply to all applications and license modifications received after May 15, 2015, and to renewals of licenses expiring after June 15, 2015. Both fees expire June 30, 2017.

The Licensing and Enforcement System Modernization Project Account is created to receive the new additional fees. Expenditures from the account may be used only for the cost of

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replacing and modernizing the Board's licensing, enforcement, and imaging systems. Improvements may include automation of licenses and permits; electronic payments; data warehousing; project management and system testing; consulting; contracting; staff time; and necessary data conversion, software, hardware, and other equipment costs.

The Director of the Board must authorize expenditures. The account is subject to generally applicable allotment procedures, but an appropriation is not required for expenditures. The account expires on June 30, 2019.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on May 15, 2015.

Staff Summary of Public Testimony: PRO: The LCB's licensing and enforcement technology is 25 years old, outdated, and in need of replacement. The temporary surcharge on new licenses, renewals, and modifications will enable LCB to upgrade our systems. The Washington Restaurant Association's members pay the largest amount of licensing fees and support this legislation.

Persons Testifying: PRO: James Paribello, LCB; Julia Gorton, WA Restaurant Assn.

Persons Signed in to Testify But Not Testifying: No one.