

HOUSE BILL REPORT

3SHB 1359

As Amended by the Senate

Title: An act relating to temporarily reducing liquor license fees.

Brief Description: Temporarily reducing liquor license fees.

Sponsors: House Committee on Commerce & Gaming (originally sponsored by Representatives Stonier, MacEwen, Robertson, Shewmake, Ormsby and Macri).

Brief History:

Committee Activity:

Commerce & Gaming: 1/29/21, 2/5/21 [DPS], 2/3/22 [DP3S];
Appropriations: 2/19/21, 2/22/21 [DP2S(w/o sub COG)], 2/7/22 [DP3S(COG)].

Floor Activity:

Passed House: 2/25/21, 95-3.
Passed House: 2/14/22, 95-2.
Senate Amended.
Passed Senate: 3/10/22, 49-0.

Brief Summary of Third Substitute Bill

- Temporarily reduces, by half, liquor license fees for specific liquor retailers and for distilleries and distillery off-site tasting rooms.
- Applies the temporary license fee reduction to identified licenses set to expire or issued in the time period of May 1, 2022, through December 31, 2023.
- Reverts to current license fee amounts beginning in January 2024.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: The third substitute bill be substituted therefor and the third substitute bill do pass. Signed by 8 members: Representatives Kloba, Chair; Wicks, Vice Chair;

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

MacEwen, Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Chambers, Kirby, Vick and Wylie.

Minority Report: Without recommendation. Signed by 1 member: Representative Morgan.

Staff: Peter Clodfelter (786-7127)

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The third substitute bill by Committee on Commerce & Gaming be substituted therefor and the third substitute bill do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

Staff: Linda Merelle (786-7092).

Background:

Among the liquor licenses issued by the Liquor and Cannabis Board (LCB) are the following licenses:

- spirits, beer, and wine restaurant license, with an annual license fee of \$2,000, \$1,600, or \$1,000 depending on the size of the licensee's dedicated dining area and type of service;
- hotel license, with an annual fee of \$2,000;
- spirits, beer, and wine nightclub license, with an annual fee of \$2,000;
- spirits, beer, and wine theater license, with an annual fee of \$2,000;
- spirits, beer, and wine caterer's license, with an annual fee of \$1,000;
- distiller license, with an annual fee of \$2,000; and
- distiller off-site tasting room license, with an annual fee of \$2,000 per tasting room.

For the original issuance of a liquor license, the LCB sets the expiration date of the license to the last day of the calendar month that is 12 months from the calendar month in which final approval of the license is granted. Upon renewal, the expiration of the license may be prorated as necessary pursuant to the Business Licensing Service Act.

The LCB coordinates with the Department of Revenue (DOR) to process liquor license applications through the DOR's Business Licensing Service (BLS). The BLS is a one-stop system for businesses to acquire and maintain the necessary state licenses to conduct business. The DOR assigns an expiration date for each business license, which is the last day of a calendar month. All renewable licenses endorsed on the business license must

expire on that date. License fees must be prorated to accommodate the staggering of expiration dates. License fees received by the LCB are deposited in the Liquor Revolving Fund.

Summary of Third Substitute Bill:

Legislative findings and intent are included regarding businesses in the hospitality industry. Beginning on May 1, 2022, and through December 31, 2023, the amount of the annual fee for the following liquor licenses is reduced by half:

- spirits, beer, and wine restaurant license;
- hotel license;
- spirits, beer, and wine nightclub license;
- spirits, beer, and wine theater license;
- spirits, beer, and wine caterer's license;
- distiller license; and
- distiller off-site tasting room license.

The temporary license fee reduction expires on December 31, 2023. Licenses set to expire or issued in January 2024 and after are subject to the full fee amount typically owed for the license.

EFFECT OF SENATE AMENDMENT(S):

The bill's effective date is changed to April 1, 2022, from May 1, 2022. The following liquor licenses are added to the temporary license fee reduction: (1) domestic winery license; (2) domestic brewery license; (3) microbrewery license; (4) beer and/or wine restaurant license; (5) tavern license; (6) snack bar license; (7) nonprofit arts organization license; (8) motel license; (9) sports entertainment facility license; (10) public house license; (11); beer and/or wine theater license; and (12) senior center license.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on May 1, 2022.

Staff Summary of Public Testimony (Commerce & Gaming):

See House Bill Report in the 2021 legislative session.

Staff Summary of Public Testimony (Appropriations):

See House Bill Report in the 2021 legislative session.

Persons Testifying (Commerce & Gaming): See House Bill Report from 2021 legislative session.

Persons Testifying (Appropriations): See House Bill Report in the 2021 Legislative Session.

Persons Signed In To Testify But Not Testifying (Commerce & Gaming): See House Bill Report from 2021 legislative session.

Persons Signed In To Testify But Not Testifying (Appropriations): See House Bill Report in the 2021 Legislative Session.