

SENATE BILL REPORT

3SHB 1359

As of February 26, 2022

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: Passed House: 2/14/22, 95-2.

Committee Activity: Labor, Commerce & Tribal Affairs: 2/17/22, 2/23/22 [DPA-WM].
Ways & Means: 2/26/22.

Brief Summary of Amended Bill

- Reduces temporarily, 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 between April 1, 2022, and December 31, 2023.
- Reverts to current license fee amounts beginning January 1, 2024.

SENATE COMMITTEE ON LABOR, COMMERCE & TRIBAL AFFAIRS

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

Signed by Senators Keiser, Chair; Conway, Vice Chair, Labor; Stanford, Vice Chair, Commerce & Tribal Affairs; King, Ranking Member; Braun, Rivers, Robinson, Saldaña and Schoesler.

Staff: Matt Shepard-Koningsor (786-7627)

SENATE COMMITTEE ON WAYS & MEANS

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.

Staff: Amanda Cecil (786-7460)

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

- 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, 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.

LCB coordinates with the Department of Revenue (DOR) to process liquor license applications through DOR's Business Licensing Service (BLS). BLS is a one-stop system for businesses to acquire and maintain the necessary state licenses to conduct business. DOR assigns an expiration date, 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 LCB are deposited in the Liquor Revolving Fund.

Temporary Fee Waiver. In 2021, the Legislature passed ESSB 5272, which temporarily waived certain liquor license fees for one year. The temporary waiver applies to many liquor licenses including distilleries, wineries, breweries, spirits, beer, and wine restaurants, taverns, hotels, spirits, beer, and wine nightclubs, and caterers, among others. The temporary waiver applies until March 31, 2022.

Summary of Amended Bill: Beginning April 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 December 31, 2023. Licenses set to expire or

issued in January 2024 are subject to the full fee amount typically owed for the license.

EFFECT OF LABOR, COMMERCE & TRIBAL AFFAIRS COMMITTEE AMENDMENT(S):

- Changes the effective date to April 1, 2022, from May 1, 2022.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Third Substitute House Bill (Labor, Commerce & Tribal Affairs): *The committee recommended a different version of the bill than what was heard.* PRO: This bill is back this year because the hospitality industry can still benefit from a license fee reduction to recover from the pandemic. Spirits, beer, and wine licensees pay the highest amount of license fees in the state. This is the largest annual fee these businesses pay each year. The average restaurant is about \$160,000 in debt and the hotel, motel industry has seen a \$2.6 billion drop in sales since 2019. Extending license fee relief through 2023 will have a meaningful impact on these businesses.

Persons Testifying (Labor, Commerce & Tribal Affairs): PRO: Representative Monica Jurado Stonier, Prime Sponsor; Katie Doyle, Washington Hospitality Association.

Persons Signed In To Testify But Not Testifying (Labor, Commerce & Tribal Affairs): No one.

Staff Summary of Public Testimony on Bill as Amended by Labor, Commerce & Tribal Affairs (Ways & Means): PRO: Three years in to the pandemic the hospitality industry is still recovering and still shows a \$2.6 billion drop in sales. These are the highest annual fees that are paid and this will have a meaningful impact on the industry.

Persons Testifying (Ways & Means): PRO: Katie Doyle, Washington Hospitality Association.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.