

SENATE BILL REPORT

SB 5786

As Reported by Senate Committee On:
Labor & Commerce, April 1, 2025
Ways & Means, April 8, 2025

Title: An act relating to increasing license, permit, and endorsement fees.

Brief Description: Increasing license, permit, and endorsement fees.

Sponsors: Senator Stanford.

Brief History:

Committee Activity: Labor & Commerce: 3/25/25, 4/01/25 [DPS-WM, DNP, w/oRec].
Ways & Means: 4/05/25, 4/08/25 [DP2S, DNP, w/oRec].

Brief Summary of Second Substitute Bill

- Increases the fees for specified liquor licenses, permits, and endorsements.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5786 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; Alvarado, Ramos and Stanford.

Minority Report: Do not pass.

Signed by Senators Braun, MacEwen and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator King, Ranking Member.

Staff: Marlon Llanes (786-7423)

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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5786 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Cleveland, Conway, Dhingra, Hansen, Pedersen, Riccelli, Saldaña, Wellman and Wilson, C..

Minority Report: Do not pass.

Signed by Senators Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Boehnke, Braun, Kauffman, Muzzall, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

Staff: Alia Kennedy (786-7405)

Background: A liquor license is required for businesses to import, manufacture, distribute, or sell alcohol in Washington State. The Liquor and Cannabis Board (LCB) issues various types of liquor licenses, permits, and endorsements to qualified businesses. The licenses, permits, and endorsements available to a business depends on, among other things, the type of business, the type of liquor being sold, and the location of the sale. LCB issues licenses to retail and nonretail businesses, including grocery stores, taverns, and distilleries. LCB also issues special occasion licenses and permits for temporary events.

A business must pay an application fee when applying for a liquor license, permit, or endorsement. If LCB approves the application, the business must pay certain statutory fees, such as an annual license fee or a fee per event. The business may also be subject to certain fees established by rule. LCB collects the fees and deposits the funds into the Liquor Revolving Account.

Summary of Bill (Second Substitute): The statutory fees for the following liquor licenses, permits, and endorsements are increased:

- beer and wine gift delivery license;
- beer or wine on-premises endorsement;
- beer and/or wine restaurant license;
- beer and/or wine specialty shop license;
- beer distributor license;
- beer importer license;
- bonded and nonbonded spirits warehouse license;
- bonded wine warehouse storage license;
- caterer license;
- combination spirits, beer, and wine license;

- combined license;
- day spa permit;
- distiller license;
- domestic brewery license;
- domestic winery license;
- duty free exporter license;
- grocery store license;
- grocery store tasting endorsement;
- hotel license;
- interstate common carrier license;
- manufacturer license;
- microbrewery license;
- motel license;
- nightclub license;
- packaging services endorsement;
- private club beer and wine license;
- public house license;
- representative license;
- snack bar license;
- special occasion license;
- special permit;
- spirits distributor license;
- spirits importer license;
- spirits retail license;
- spirits, beer, and wine private club license;
- spirits, beer, and wine restaurant license;
- sports entertainment facility license;
- tasting room license;
- tavern license;
- theater license;
- VIP airport lounge operator license;
- wine distributor license;
- wine importer license; and
- wine retailer reseller endorsement.

Additionally, the application fee for retail licenses is increased by 50 percent.

LCB must increase any liquor license, permit, or endorsement fees set by rule, by 50 percent.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):

- Reduces the grocery store license fee from \$2,100 to \$975.

- Increases the license fees for certain restaurants, hotels, nightclubs, VIP airport lounge operators, and certain theaters by 25 percent, rather than by 5 to 10 percent.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Increases certain fees from \$2,000 to \$2,100, rather than \$3,000, including license fees for distillers, tasting rooms, domestic breweries, certain restaurants, hotels, nightclubs, VIP airport lounge operators, and certain theaters.
- Increases the spirits importer license fee from \$600 to \$2,100, rather than \$900.
- Removes the 50 percent increase for certain licenses including the local wine industry association license, nonprofit arts organization license, grower's license, and senior center license.
- Increases the fee for the sales representative license from \$25 to \$50, rather than \$37.50.
- Increases the grocery store license fees from \$150 to \$2,100, rather than \$225.
- Increases certain restaurant license fees for spirits, beer, and wine from \$1,600 to \$1,700 and from \$1,000 to \$1,100, rather than \$2,400 and \$1,500, respectively.
- Adds 50 percent fee increases for the special occasion license, beer or wine on-premises endorsement, and the packaging services endorsement.
- Corrects two errors in fee amounts that did not constitute an intended 50 percent increase.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Labor & Commerce): *The committee recommended a different version of the bill than what was heard.* PRO: The purpose of this bill is to adjust liquor fees for inflation. Most liquor fees have not been updated since the 1980s or 1990s. This bill takes a broad strokes approach by increasing all fees by 50 percent.

CON: This bill was unexpected, and stakeholders were not consulted. Liquor fees should instead be added to the alcohol study bill relating to taxes and fees. There is no nexus between the fees and their purpose. This bill would disproportionately affect small businesses.

Persons Testifying (Labor & Commerce): PRO: Senator Derek Stanford, Prime Sponsor.

CON: Jim Hedrick, Washington Distillers' Guild - Craft Distillers; Charlie Brown, Diageo; Sean DeWitz, Washington Hospitality Association; Brad Tower, WA Liquor Store Association.

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

Staff Summary of Public Testimony on First Substitute (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The purpose of this bill is to adjust liquor fees for inflation. Most liquor fees have not been updated since the 1980s or 1990s. This bill takes a broad strokes approach by increasing all fees by 50 percent.

CON: This bill was unexpected, and stakeholders were not consulted. Liquor fees should instead be added to the alcohol study bill relating to taxes and fees. There is no nexus between the fees and their purpose. This bill would disproportionately affect small businesses.

Persons Testifying (Ways & Means): PRO: Senator Derek Stanford, Prime Sponsor.

CON: Jim Hedrick, Washington Distillers' Guild - Craft Distillers; Charlie Brown, Diageo; Sean DeWitz, Washington Hospitality Association; Brad Tower, WA Liquor Store Association.

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