

# SENATE BILL REPORT

## SB 6220

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As of January 28, 2014

**Title:** An act relating to retail license fees for retailers when selling for resale.

**Brief Description:** Concerning retail license fees for retailers when selling for resale.

**Sponsors:** Senators Braun, Mullet, Sheldon, Ericksen, Hobbs and Parlette.

**Brief History:**

**Committee Activity:** Commerce & Labor: 1/27/14 [w/oRec-WM].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Staff:** Edith Rice (786-7444)

**Background:** Prior to the passage of Initiative 1183 (I-1183), spirits sales were permitted only at state-operated liquor stores. Upon passage of I-1183 in November 2011, the sale and distribution of spirits became privatized. The Liquor Control Board (LCB) was authorized to issue spirits retail sales licenses only for premises comprising at least 10,000 square feet and which met other requirements. Some exceptions to the square footage requirement included licensing an otherwise qualified contract liquor store at its contract location or to the holder of former state liquor store operating rights sold at auction. I-1183 required spirits retail licensees to pay a license issuance fee of 17 percent of all spirits sales revenue under the license to LCB for deposit into the liquor revolving fund. This is in addition to other liquor liter and sales taxes. The initiative permitted a spirits retail licensee to sell spirits to retailers licensed to sell spirits for on-premises consumption, meaning bars and restaurants.

ESSB 5644 which took effect on June 30, 2013, provided that the license issuance fee of 17 percent does not apply to a licensee or their successor that was a contract liquor store manager, for sales of spirits to bars and restaurants. Nor does the 17 percent license issuance fee apply to a licensee or their successor that was a former state store auction buyer, for sales of spirits to bars and restaurants.

**Summary of Bill:** The spirits retail license issuance fee does not apply to a spirits retail licensee for sales to a spirits retailer licensed to sell spirits for consumption on the premises, meaning sales of spirits to bars and restaurants.

**Appropriation:** None.

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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.*

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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