

SENATE BILL REPORT

SB 5291

As of February 20, 2023

Title: An act relating to the timely issuance of certain liquor licenses, renewals, and endorsements.

Brief Description: Concerning liquor licenses.

Sponsors: Senators Schoesler, Dozier, Mullet, King, Wagoner, Liias and Rolfes.

Brief History:

Committee Activity: Labor & Commerce: 2/02/23, 2/14/23 [DPS-WM, DNP, w/oRec].
Ways & Means: 2/20/23.

Brief Summary of First Substitute Bill

- Requires the Liquor and Cannabis Board (LCB) to issue a decision on an application for certain liquor licenses, renewals, or endorsements within 45 days or the application is approved by default.
- Permits LCB an additional 30 days to issue a decision if it determines good cause exists and it issues a temporary license during the extended time period.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5291 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; King, Ranking Member; Braun, MacEwen, Robinson and Schoesler.

Minority Report: Do not pass.

Signed by Senator Stanford.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Conway, Vice Chair; Saldaña, Vice Chair.

Staff: Matt Shepard-Koningsor (786-7627)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Corban Nemeth (786-7736)

Background: Liquor License Application Process. The Liquor and Cannabis Board (LCB) issues various liquor licenses to qualified applicants wishing to engage in the manufacture, distribution, or retail sale of liquor in Washington State. LCB coordinates with the Department of Revenue to process license applications through its Business Licensing Service. When considering applications and renewals of liquor licenses, LCB sends notice of the application for initial licensure or renewal to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside of an incorporated city or town. The local government may file written objections with LCB against the applicant or against the premises for which the new or renewal license applies, and may request a hearing where LCB must present and defend its initial decision.

Before LCB issues any liquor license, it must give due consideration to the proposed location with respect to the proximity of churches, schools, and public institutions. Churches are defined as buildings erected for and used exclusively for religious worship and schooling or other connected activity. Public institutions are defined as institutions of higher education, parks, community centers, libraries, and transit centers. LCB must send written notice of the application to identified public institutions, churches, and schools within 500 feet of the proposed location. If a tax-supported public elementary or secondary school within 500 feet of the proposed location files a specified written objection within 20 days after receiving notice, LCB may not issue the license. There are other provisions regarding issuing a license to a proposed location within 500 feet of a private school, where the issuance of the license would adversely affect the private school meeting certain requirements.

Temporary Liquor Licenses. LCB may issue a temporary retail or distributor license to an applicant during a pending application period, which is valid for 60 days unless LCB extends the temporary license for an additional 60 days.

Summary of Bill (First Substitute): LCB must issue a decision on an application for a liquor license, renewal, or endorsement on the following liquor licenses within 45 days of receiving the application and certain required documentation or it is approved by default:

- beer and/or wine restaurant licenses, and an associated combination licenses to sell beer and/or wine for off-premises consumption;
- tavern licenses, and an associated combination licenses to sell beer and/or wine for off-premises consumption;

- snack bar licenses;
- spirits, beer, and wine restaurant licenses, and associated endorsements to sell Soju and cater spirits, beer, and wine;
- private club licenses selling spirits, beer, and wine, or only beer and wine;
- bowling establishment licenses to extend its premises for the sale, service, and consumption of liquor;
- bottle club licenses; and
- theater licenses selling beer, strong beer, and wine, or in combination with spirits.

LCB may extend the 30-day time period by an additional 30 days if it determines good cause exists, and it issues a temporary license to the applicant during the extension. Good cause may include time for LCB to review objections to a pending liquor license application. If LCB fails to issue a decision within the additional 30-day time period, the temporary license must be converted into a permanent license and is approved by default.

LCB is not required to send notice of a pending application by certified mail, and may send multiple notices concurrently.

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

- Requires LCB to issue a decision on a liquor license, renewal, or endorsement application within 45 days of receiving the application and certain required documentation instead of 30 days, before the application is approved by default.
- Removes the certified mail requirement when LCB sends notice of a pending liquor license application to churches, schools, and public institutions.
- Specifies that good cause for an additional 30-day extension may include time for LCB to review objections to a liquor license, renewal, or endorsement.
- Clarifies that LCB notifications of pending liquor license applications may be issued concurrently.

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: During the interim, two small, minority-owned businesses struggled for months to obtain a simple liquor license from LCB. In the real world, if you are wanting to sell your pizza parlor, you need to time your sale so you are not stuck with a pizza parlor without a liquor license. This

bill helps small businesses. The fiscal note is questionable.

OTHER: State law has a meticulous process for liquor licensure. LCB has to notify local governments and they have 20 days to respond. Notice to churches and schools has to be done by certified mail. Some of these things can be modernized with today's technology.

Persons Testifying (Labor & Commerce): PRO: Senator Mark Schoesler, Prime Sponsor.

OTHER: Marc Webster, Washington State Liquor and Cannabis Board.

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

Staff Summary of Public Testimony (Ways & Means): PRO: With the help of the Liquor and Cannabis Board, the fiscal note has substantially been brought down. This bill provides a realistic 45-day timeline which helps prevent disruption to businesses due to delay of license issuance. This timeline allows companies to serve the community safely and responsibly.

Persons Testifying (Ways & Means): PRO: Senator Mark Schoesler, Prime Sponsor; Riley Smith, Washington Hospitality Association.

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