

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5353 P SB PSSB 5353 (S-1696.1)	<b>Title:</b> Spirits, beer, wine
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## Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Liquor Control Board	0	49,612	0	49,612	0	49,612
<b>Total \$</b>	<b>0</b>	<b>49,612</b>	<b>0</b>	<b>49,612</b>	<b>0</b>	<b>49,612</b>

## Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor Control Board	.2	0	103,059	.0	0	0	.0	0	0
<b>Total</b>	<b>0.2</b>	<b>\$0</b>	<b>\$103,059</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>	<b>\$0</b>

## Estimated Capital Budget Impact

NONE

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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

ENPID: 39690

FNS029 Multi Agency rollup

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5353 P SB PSSB 5353 (S-1696.1)	<b>Title:</b> Spirits, beer, wine	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

☒ **No Fiscal Impact**

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Richard Rodger	Phone: (360)786-7461	Date: 02/13/2015
Agency Preparation: Beth Leech	Phone: 360-534-1513	Date: 02/13/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/13/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/16/2015

Request # 5353-4-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Note: This fiscal note reflects language in PSSB 5353 (S-1696.1/15), 2015 Legislative Session.

This version of the bill removes all sections associated with exemptions for nonprofit organizations and agricultural area fairs.

This bill allows craft distilleries to provide samples that include nonalcoholic mixers, water or ice, and provide samples and sell spirits for off-premises consumption at a farmers market. Craft distilleries are allowed to apply for a special permit to hold events specifically for tasting and selling spirits of their own production. This bill allows craft distilleries to deliver and ship spirits within Washington.

Any licensee authorized to sell at retail is allowed to sell gift certificates and gift cards intended to be exchanged for consumer goods, including alcohol, sold by the licensee. They may also sell the gift certificates and gift cards to a third-party retailer for resale to the public.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The Department of Revenue will not incur any costs with the implementation of this legislation.

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

None.

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

No rule-making required.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5353 P SB PSSB 5353 (S-1696.1)	<b>Title:</b> Spirits, beer, wine	<b>Agency:</b> 195-Liquor Control Board
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Liquor Revolving Account-State 501-1	24,806	24,806	49,612	49,612	49,612
<b>Total \$</b>	24,806	24,806	49,612	49,612	49,612

### Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.3	0.0	0.2	0.0	0.0
<b>Account</b>					
Liquor Revolving Account-State 501-1	103,059	0	103,059	0	0
<b>Total \$</b>	103,059	0	103,059	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Richard Rodger	Phone: (360)786-7461	Date: 02/13/2015
Agency Preparation: Colin O'Neill	Phone: (360) 664-1675	Date: 02/16/2015
Agency Approval: Michael Kashmar	Phone: 360-664-1690	Date: 02/16/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 02/16/2015

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

#### SALES AT FARMER'S MARKETS

Section 2(4a) - A distillery or craft distillery may apply for an endorsement to sell spirits of its own production at retail, for off-premises consumption, at a qualifying farmers market. The annual fee for the endorsement is \$75.

Section 2(4d) - A qualifying farmer's market wishing to host a distillery or craft distillery selling bottled spirits must obtain approval from the Liquor Control Board ("Board") for authorization.

#### SAMPLING AT FARMER'S MARKETS

Section 3(1) - A farmer's market may apply for an endorsement to allow sampling of wine, beer or spirits. There is no cost for the sampling endorsement. A distillery or craft distillery wishing to offer samples must have a farmer's market endorsement (see section 2(4a)).

Section 3(2b) - A craft distillery may provide one-half ounce or less samples of spirits, with a maximum total per person per day of two ounces. The samples may be adulterated with nonalcoholic mixers, water, and/or ice.

#### EVENT PERMIT

Section 4(13) - A distillery or craft distillery may apply for a special permit for the purpose of tasting and selling spirits at a specified date and place, of their own production. The event must not be open to the general public. The cost of the permit is \$10 per event and the application must be submitted using the Board's online web portal for private banquet permits prior to the event.

#### DELIVERY OF SPIRITS

Section 5 - a distillery or craft distillery may ship spirits of their own production to a resident of Washington state that is 21 or older for that person's personal use. The licensee may take orders over the phone, mail, internet, or other similar method. If the licensee wishes to accept orders via the internet, they must request internet-sales privileges in their application. Existing licensees must notify the Board prior to beginning internet sales. The delivery must be made to a residence or business having an address recognized by the United States Postal Service. An exception to this requirement may be granted by the Board.

#### GIFT CARDS/GIFT CERTIFICATES FOR ALCOHOL

Section 6 - a licensee authorized to sell liquor under RCW chapter 66.24 may sell gift certificates and gift cards intended to be exchanged for alcohol. These gift certificates and gift cards may not be redeemed for alcohol by persons under 21.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Section 2(4a) would create an endorsement allowing a distillery or craft distillery to sell spirits of its own production for at a qualifying farmer's market for off-premises consumption. The annual fee for this endorsement is \$75. Assuming that 75% of the existing 18 distilleries, 7 fruit/wine distilleries, and 80 craft distilleries obtain this endorsement, the annual revenue would be \$5,906 (75% x (80+18+7) x \$75).

Section 4(13) would create a special permit allowing a distillery or craft distillery to sell and offer tasting of spirits of their own production. The fee for this permit is \$10 per event. Assuming that 75% of existing distilleries (18), fruit/wine distilleries (7), and craft distilleries (80) obtain 2 permits per month, the annual revenue from this permit would be \$18,900 (75% x (18+7+80) x \$10 x 24).

## II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Licensing Division: No expected impact other than updating forms. Processing endorsement applications is much less labor-intensive than processing a license application.

Enforcement Division: The additional workload impact from adding farmer's market endorsements for distilleries and craft distilleries, as well as the special permits and shipping privileges is not expected to be significant.

Information Technology Division: IT staff will need to add a new endorsement and assist a contractor in the development of a new permitting system. One-time costs are anticipated to be \$76,595 for a contractor to create a new permitting system and \$26,464 in staff time to create the endorsement and assist contractors with the creation of the permitting system.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.3		0.2		
A-Salaries and Wages	20,330		20,330		
B-Employee Benefits	5,518		5,518		
C-Professional Service Contracts	76,595		76,595		
E-Goods and Other Services	616		616		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$103,059	\$0	\$103,059	\$0	\$0

### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Information Technology Specialist 5	78,900	0.1		0.1		
Information Technology Specialist 6	87,096	0.2		0.1		
<b>Total FTE's</b>	165,996	0.3		0.2		0.0

## Part IV: Capital Budget Impact

NONE

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

The Board would need to set rules for:

Section 2 (Distillery and Craft Distillery farmer's market endorsements)

Section 3 (Spirits/Beer/Wine sampling at farmer's markets by distilleries and craft distilleries)

Section 4 (Special Permits for distilleries and craft distilleries)

Section 5 (Spirit shipping privileges by distilleries and craft distilleries)

Section 6 (licensees selling gift certificates and gift cards intended to be redeemed for alcohol)