

Multiple Agency Fiscal Note Summary

Bill Number: 1016 HB	Title: Wine retailer shippers
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	0	0	32,000	0	0	8,000	0	0	10,000
Liquor and Cannabis Board	0	0	90,000	0	0	109,000	0	0	121,000
Total \$	0	0	122,000	0	0	117,000	0	0	131,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.3	0	0	118,300	.1	0	0	20,000	.1	0	0	20,000
Liquor and Cannabis Board	.1	0	0	15,874	.0	0	0	0	.0	0	0	0
Total \$	0.4	0	0	134,174	0.1	0	0	20,000	0.1	0	0	20,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final
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Department of Revenue Fiscal Note

Bill Number: 1016 HB	Title: Wine retailer shippers	Agency: 140-Department of Revenue
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Business License Account-State 02 - Lic., Permits & Fees 92 - Business License Fee	24,000	8,000	32,000	8,000	10,000
Total \$	24,000	8,000	32,000	8,000	10,000

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
Account					
Business License Account-State 03N-1	108,300	10,000	118,300	20,000	20,000
Total \$	108,300	10,000	118,300	20,000	20,000

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: Peter Clodfelter	Phone: (360) 786-7127	Date: 01/03/2023
Agency Preparation: Erikka Ferrara	Phone: (360) 534-1517	Date: 01/08/2023
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 01/08/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/09/2023

Request # 1016-1-1

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

There is currently no shipping permit specifically for wine retailers.

PROPOSAL:

Before wine is shipped by a wine retailer, the retailer must be licensed to sell wine in Washington or obtain a wine retailer shipper's permit and pay an annual fee of \$100 to the Liquor and Cannabis Board.

An applicant for a wine retailer shipper's permit must register with the Department of Revenue (department) and collect all applicable state and local sales and use taxes on all sales of wine shipped to buyers in Washington.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

- Wine retailers registering with the department pay a \$50 business license fee and a \$10 processing fee.
- The department will receive 400 applications from out-of-state wine retailers in fiscal year 2024.
- The department will receive 100 applications in fiscal year 2025, and 30 applications in the subsequent years.

DATA SOURCES:

- Department of Revenue business license data
- Liquor and Cannabis Board

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$24,000 in in fiscal year 2024, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 24
FY 2025 -	\$ 8
FY 2026 -	\$ 4
FY 2027 -	\$ 4
FY 2028 -	\$ 5
FY 2029 -	\$ 5

Local Government, if applicable (cash basis, \$000): None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ASSUMPTIONS:

These expenditures assume the department's Business Licensing Services (BLS) will administer the new wine retailer shipper's permit.

FIRST YEAR COSTS:

The department will incur total costs of \$108,300 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.4 FTE.

- Create a Special Notice and identify publications and information that the department may need to create or update on the department's website.
- Respond to tax ruling requests, email inquiries, and more difficult call backs from the telephone information center.
- Process tax return work items, assist taxpayers with reporting questions and respond to email and web message and paper correspondence.
- Examine accounts and make corrections as necessary.
- Set up, program, and test computer system.
- Process appeals.

Object Costs - \$61,500.

- Contract computer system programming.
- Printing and postage.

SECOND YEAR COSTS:

The department will incur total costs of \$10,000 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.1 FTE.

- Respond to letter ruling requests.
- Answer phone calls, web messages, and front-counter inquiries.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$20,000 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
A-Salaries and Wages	28,200	6,600	34,800	13,200	13,200
B-Employee Benefits	9,300	2,200	11,500	4,400	4,400
C-Professional Service Contracts	52,800		52,800		
E-Goods and Other Services	15,200	900	16,100	1,800	1,800
J-Capital Outlays	2,800	300	3,100	600	600
Total \$	\$108,300	\$10,000	\$118,300	\$20,000	\$20,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 2	55,872	0.1		0.1		
IT SYS ADM-JOURNEY	92,844	0.1		0.1		
TAX INFO SPEC 4	66,420	0.2	0.1	0.2	0.1	0.1
Total FTEs		0.4	0.1	0.3	0.1	0.1

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 1016 HB	Title: Wine retailer shippers	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Liquor Revolving Account-State 501-1	40,000	50,000	90,000	109,000	121,000
Total \$	40,000	50,000	90,000	109,000	121,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2	0.0	0.1	0.0	0.0
Account					
Liquor Revolving Account-State 501-1	15,874	0	15,874	0	0
Total \$	15,874	0	15,874	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: Peter Clodfelter	Phone: 360-786-7127	Date: 01/03/2023
Agency Preparation: Colin O'Neill	Phone: (360) 664-4552	Date: 01/06/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/09/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1(2): Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must:

- (a) Be licensed to sell wine at retail in this state; or
- (b) If not licensed by this state, obtain a wine retailer shipper's permit under procedures prescribed by the board by rule and pay an annual fee of \$100 to the board.

Section 2(1): An applicant for a wine shipper’s permit must provide, on an annual basis to the Board, a copy of its valid license to sell wine at retail by their state from which they operate, and register with the Washington State Department of Revenue.

Section 2(2): Holders of a wine retailer shipper's permit and retailers licensed to sell wine at retail in this state must:

- a) pay Washington state wine tax on all sales of wine to Washington state residents;
- d) Label the outside of all shipping boxes of wine shipped under the permit as follows, "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY";
- e) Annually report to the board the total amount of wine shipped in Washington under its permit during the preceding calendar year;
- f) Allow the board to audit the permit holder's shipping records;
- h) Upon delivery of a wine shipment authorized under this section, require an in-person signature from a person with valid identification showing the person is 21 years of age or older

Section 3) The Board may adopt rules to implement this section.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 1(2): Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must:

- (a) Be licensed to sell wine at retail in this state; or
- (b) If not licensed by this state, obtain a wine retailer shipper's permit under procedures prescribed by the board by rule and pay an annual fee of \$100 to the board.

The agency estimates 400 new applications for a wine retailer shipper's permit in FY24, 100 additional applications in FY25, and 30 new applications each year thereafter.

FY24: 400 x \$100 = \$40,000
FY25: 500 x \$100 = \$50,000
FY26: 530 x \$100 = \$53,000
FY27: 560 x \$100 = \$56,000
FY28: 590 x \$100 = \$59,000
FY29: 620 x \$100 = \$62,000

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must be licensed to sell wine at retail in this state; or if not licensed by this state, obtain a wine retailer shipper's permit under procedures prescribed by the board by rule and pay an annual fee of \$100 to the board.

The agency estimates 400 new applications for a wine retailer shipper's permit in FY24, 100 additional applications in FY25, and 30 new applications each year thereafter.

FINANCE DIVISION:

As written, there is no fiscal impact to the audit staff, assuming that only shipping records would be audited. In regards to section (2)(f) 'Allow the board to audit the permit holder's shipping records' - any audit conducted to substantiate gallons sold and subsequently taxed as outlined in RCW 66.24.210 would require additional documentation, including but not limited to detailed sales records. In the case that audits would be expected, the law would need to expand on what records are required to be made available. Based on the projected number of licenses expected, it would require .5 FTE at an annual cost of \$50,597 for Audit staff ongoing.

LICENSING DIVISION:

Additional one-time staff will be needed in FY24 to handle the onetime surge in workload. After FY24, the increase in applications can be absorbed within existing staffing levels.

0.2 FTE Licensing Specialist - \$15,874 (\$15,660 salary/benefits, \$214 in associated costs).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
501-1	Liquor Revolving Account	State	15,874	0	15,874	0	0
Total \$			15,874	0	15,874	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	10,899		10,899		
B-Employee Benefits	4,761		4,761		
C-Professional Service Contracts					
E-Goods and Other Services	214		214		
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-					
Total \$	15,874	0	15,874	0	0

III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Specialist	54,492	0.2		0.1		
Total FTEs		0.2		0.1		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Division (050)	15,874		15,874		
Total \$	15,874		15,874		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3) The Board may adopt rules to implement this section.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
1016 HB	Wine retailer shippers

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Department of Revenue	24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
Liquor and Cannabis Board	40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	74,000	598,000
Total	64,000	58,000	57,000	60,000	64,000	67,000	70,000	73,000	76,000	79,000	668,000



Ten-Year Analysis

Bill Number	Title	Agency
1016 HB	Wine retailer shippers	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Business License fees	03N	24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
Total		24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	70,000
Biennial Totals		32,000		8,000		10,000		10,000		10,000		70,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

CURRENT LAW:

There is currently no shipping permit specifically for wine retailers.

PROPOSAL:

Before wine is shipped by a wine retailer, the retailer must be licensed to sell wine in Washington or obtain a wine retailer shipper's permit and pay an annual fee of \$100 the Liquor and Cannabis Board.

An applicant for a wine retailer shipper's permit must register with the Department of Revenue (department) and collect all applicable state and local sales and use taxes all sales of wine shipped to buyers in Washington.

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

ASSUMPTIONS:

- Wine retailers registering with the department pay a \$50 business license fee and a \$10 processing fee.
- The department will receive 400 applications from out-of-state wine retailers in fiscal year 2024.



Ten-Year Analysis

Bill Number	Title	Agency
1016 HB	Wine retailer shippers	140 Department of Revenue

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

- The department will receive 100 applications in fiscal year 2025, and 30 applications in the subsequent years.

DATA SOURCES:

- Department of Revenue business license data
- Liquor and Cannabis Board

REVENUE ESTIMATES:

This bill increases state revenues by an estimated \$24,000 in in fiscal year 2024, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 24
FY 2025 -	\$ 8
FY 2026 -	\$ 4
FY 2027 -	\$ 4
FY 2028 -	\$ 5
FY 2029 -	\$ 5

Local Government, if applicable (cash basis, \$000): None

Agency Preparation: Erika Ferrara	Phone: 360-534-1517	Date: 1/8/2023 12:50:25 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 1/8/2023 12:50:25 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 1016 HB	Title Wine retailer shippers	Agency 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts**
☐ **Partially Indeterminate Cash Receipts**
☐ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
WINE RETAILER SHIPPER PERMIT	501	40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	74,000	598,000
Total		40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	74,000	598,000
Biennial Totals		90,000		109,000		121,000		133,000		145,000		598,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1(2): Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must:

- (a) Be licensed to sell wine at retail in this state; or
- (b) If not licensed by this state, obtain a wine retailer shipper's permit under procedures prescribed by the board by rule and pay an annual fee of \$100 to the board.

The agency estimates 400 new applications for a wine retailer shipper's permit in FY24, 100 additional applications in FY25, and 30 new applications each year thereafter

FY24: 400 x \$100 = \$40,000
 FY25: 500 x \$100 = \$50,000
 FY26: 530 x \$100 = \$53,000
 FY27: 560 x \$100 = \$56,000
 FY28: 590 x \$100 = \$59,000
 FY29: 620 x \$100 = \$62,000
 FY30: 650 x \$100 = \$65,000
 FY31: 680 x \$100 = \$68,000
 FY32: 710 x \$100 = \$71,000
 FY33: 740 x \$100 = \$74,000



Ten-Year Analysis

Bill Number	Title	Agency
1016 HB	Wine retailer shippers	195 Liquor and Cannabis Board

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 1/6/2023 11:33:35 am
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/6/2023 11:33:35 am
OFM Review:	Phone:	Date: