

Multiple Agency Fiscal Note Summary

Bill Number: 5614 SB	Title: Adult entertainment
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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
Office of Attorney General	0	0	190,000	0	0	66,000	0	0	66,000
Office of Attorney General	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Liquor and Cannabis Board	0	0	72,000	0	0	72,000	0	0	72,000
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	262,000	0	0	138,000	0	0	138,000

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

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
Office of Attorney General	.6	0	0	190,000	.2	0	0	66,000	.2	0	0	66,000
Office of Administrative Hearings	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.2	0	0	160,537	.1	0	0	36,572	.1	0	0	36,572
Department of Labor and Industries	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Total \$	0.8	0	0	350,537	0.3	0	0	102,572	0.3	0	0	102,572

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

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Prepared by: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 2/ 8/2023
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Individual State Agency Fiscal Note

Bill Number: 5614 SB	Title: Adult entertainment	Agency: 100-Office of Attorney General
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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
Legal Services Revolving Account-State 405-1	95,000	95,000	190,000	66,000	66,000
Total \$	95,000	95,000	190,000	66,000	66,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.6	0.6	0.2	0.2
Account					
Legal Services Revolving Account-State 405-1	95,000	95,000	190,000	66,000	66,000
Total \$	95,000	95,000	190,000	66,000	66,000

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: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 02/08/2023
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 02/08/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/08/2023

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: Amends RCW 9A.88.010 to make adult entertainment, as defined in RCW 49.17.470, as not being indecent exposure.

Section 2: Amends RCW 9A.88.030 to make adult entertainment, as defined in RCW 49.17.470 (2020 c. 331 s. 4), as not being sexual conduct.

Section 3: Amends RCW 9A.88.030 to make adult entertainment, as defined in RCW 49.17.470 (2019 c. 304 s.1), as not being sexual conduct.

Section 4: Amends RCW 49.17.470 to require the Department of Labor and Industries (L&I) to develop or contract for training for adult establishment employees, and specifies the topics for this training. Requires establishments to provide at least one security person. Requires establishments to provide notice as to the reasons for termination or refusal to rehire. Provides that the right to be free from discrimination applies to the relationship between establishment and an entertainer. Prohibits establishments from charging fees to entertainers under certain circumstances or from controlling how much entertainers charge. Defines an “adult entertainment nightclub”. Authorizes L&I to share information with the Liquor and Cannabis Board (LCB).

Section 5: Adds a new section to RCW 49.17 preventing governments from adopting laws or rules prohibiting entertainers from doing certain things, including collecting payment from customers and certain forms of physical touching.

Section 6: Adds a new section to RCW 66.24, creates a sprints, beer, and wine adult entertainment night club license. Various requirements as to those licenses are specified. Provides an annual license fee of \$2,000. Allows local governments to request further restrictions on the licenses. Authorizes LCB to adopt rules. Prohibits LCB from issue a liquor license to any adult entertainment establishment that is not an adult entertainment nightclub.

Section 7: Requires LCB to repeal WAC 314-11-050.

Section 8: Severability Clause.

Section 9: Provides an expiration date of January 1, 2024 for Section 2.

Section 10: Provides an effective date of January 1, 2024 for Section 3.

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.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are the Department of Labor and Industries (L&I) and the Liquor and Cannabis Board (LCB). The Attorney General’s Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO’s authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies’ fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

L&I will be billed for Seattle rates:

FY 2023: \$87,000 for 0.32 Assistant Attorney General FTE (AAG) and 0.16 Legal Assistant 3 FTE (LA).

FY 2024: \$87,000 for 0.32 AAG and 0.16 LA.

FY 2025: \$27,000 for 0.10 AAG and 0.05 LA, and each FY thereafter.

LCB will be billed for non-Seattle rates:

FY 2024: \$8,000 for 0.03 AAG, 0.01 Paralegal FTE (PL), and 0.02 LA.

FY 2025: \$8,000 for 0.03 AAG, 0.01 PL, and 0.02 LA.

FY 2026: \$6,000 for 0.02 AAG, 0.01 PL, and 0.01 LA, and each FY thereafter.

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.

The Attorney General's Office (AGO) Agency Assumptions:

This bill is assumed effective 90 days after the end of the 2023 legislative session.

Location of staffing is assumed to be in Seattle and non-Seattle office buildings.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables, for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 FTE for a Legal Assistant 3 (LA) and 0.25 FTE of a Management Analyst 5 (MA). The MA is used as a representative classification.

1. Assumptions for the AGO Labor and Industries Division's (LNI) Legal Services for the Department of Labor and Industries (L&I):

The AGO will bill the L&I for legal services based on the enactment of this bill.

The AGO LNI Division has reviewed this bill and determined an indeterminate fiscal impact in representing L&I.

L&I has identified several provisions of this bill in Sections 4 and 5 which have technical challenges. Among those challenges are concerns around federal preemption, the inclusion of regulations which are not safety or health standards into RCW Chapter 49.17 (which is legally prohibited), unintended conflicts with local and municipal authority regulating the adult entertainers themselves (as opposed to their employers), and conflicts between the RCW 49.17 provisions and existing worker protections in Title 51.

As a result, L&I anticipates that there would be a significant amount of legal challenges to the bill directly. If those challenges were resolved in favor of the state, L&I would need to do fairly extensive work to reconcile new categories of work into its worker safety and health program. If some or all of those challenges were resolved against the state, L&I would need to assess what regulations remain and then implement them.

The indeterminate costs reflect the uncertainty around initial legal challenges and their outcomes and then the uncertainty of how much regulation would exist after those challenges.

LNI assumes the following workload hours for legal advice, rulemaking, implementation, and litigation related to enforcement of the bill: 250 – 900 AAG hours each year in FY 2024 and FY 2025.

In FY 2026 and each FY thereafter LNI assumes: 100 - 250 AAG hours for litigation related to enforcement of the bill.

LNI total FTE workload impact for Seattle rates. This impact is indeterminate. It is based on AAG average hours each FY:

FY 2023: \$87,000 for 0.32 AAG and 0.16 LA.

FY 2024: \$87,000 for 0.32 AAG, and 0.16 LA.

FY 2025: \$33,000 for 0.10 AAG, and 0.05 LA, and in each FY thereafter.

2. Assumptions for the AGO Government Compliance & Enforcement Division's (GCE) Legal Services for the Liquor and Cannabis Board (LCB):

The AGO will bill the LCB for legal services based on the enactment of this bill.

GCE litigates licensing and enforcement actions for LCB. This bill would create a spirits, beer and wine adult entertainment night club license. This bill would also authorize LCB to adopt rules to enact the provisions of the bill. GCE assumes that rulemaking would be completed during FY 2024. LCB anticipates that there would be 18 new licenses issued as a result of the enactment of this bill. Additionally, LCB assumes that there would be a small increase of enforcement actions relating to this new license type in FY 2024 and FY 2025 of approximately two new enforcement cases referred to GCE. Thereafter, the LCB anticipates the enforcement actions would decrease to one new enforcement referral each year. GCE assumes that each new case would utilize 30 AAG hours and 10 Paralegal (PL) hours to litigate to resolution. Therefore, in FY 2024 and FY 2025, GCE anticipates an increase of 60 AAG hours and 20 PL hours each year and beginning in FY 2026 and each year thereafter, GCE anticipates 30 AAG hours and 10 PL hours each year.

GCE total FTE workload impact for non-Seattle rates:

FY 2024: \$8,000 for 0.03 AAG, 0.01 PL, and 0.02 LA.

FY 2025: \$8,000 for 0.03 AAG, 0.01 PL, and 0.02 LA.

FY 2026: \$6,000 for 0.02 AAG, 0.01 PL, and 0.01 LA and each FY thereafter.

3. Assumptions for the AGO Licensing & Administrative Law Division's (LAL) Legal Services for LCB:

The AGO LAL has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing LCB. While the bill allows for a specific type of business to apply for a new type of liquor license issued by LCB, the number of new licensees will be small, and the overall licensing scheme is well established. There will likely be advice needs for necessary rulemaking amendments, and to establish standards to review local government petitions to LCB for further restrictions on the license. LAL assumes such advice is nominal. Therefore, costs are not included in this request.

AGO total FTE workload impact for Seattle and non-Seattle rates:

FY 2024: \$95,000 for 0.35 AAG, 0.01 PL, and 0.18 LA.

FY 2025: \$95,000 for 0.35 AAG, 0.01 PL, and 0.18 LA.

FY 2026: \$6,000 for 0.12 AAG, 0.01 PL, and 0.6 LA and each FY thereafter.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	95,000	95,000	190,000	66,000	66,000
Total \$			95,000	95,000	190,000	66,000	66,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years	0.6	0.6	0.6	0.2	0.2	
A-Salaries and Wages	63,000	63,000	126,000	44,000	44,000	
B-Employee Benefits	20,000	20,000	40,000	14,000	14,000	
E-Goods and Other Services	11,000	11,000	22,000	8,000	8,000	
G-Travel	1,000	1,000	2,000			
Total \$		95,000	95,000	190,000	66,000	66,000

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
Assistant Attorney General	118,700	0.0	0.0	0.0	0.0	0.0
Assistant Attorney General-Seattle	124,635	0.3	0.3	0.3	0.1	0.1
Legal Assistant 3	55,872	0.0	0.0	0.0	0.0	0.0
Legal Assistant 3-Seattle	67,044	0.2	0.2	0.2	0.1	0.1
Management Analyst 5	91,524	0.1	0.1	0.1	0.0	0.0
Paralegal 2	71,520	0.0	0.0	0.0	0.0	0.0
Total FTEs			0.6	0.6	0.6	0.2

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29	
Government Compliance & Enforcement Division (GCE)	8,000	8,000	16,000	12,000	12,000	
Labor & Industries Division (LNI)	87,000	87,000	174,000	54,000	54,000	
Total \$		95,000	95,000	190,000	66,000	66,000

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.

Individual State Agency Fiscal Note

Bill Number: 5614 SB	Title: Adult entertainment	Agency: 110-Office of Administrative Hearings
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

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: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 02/06/2023
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 02/06/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/06/2023

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.

No fiscal impact. This legislation will not measurably increase the appeal workload for the Office of Administrative Hearings (OAH).

The Liquor & Cannabis Board has affirmed that they do not intend to forward any new appeals to OAH as a result of this law.

The Department of Labor & Industries does not project any referrals to OAH as a result of this law.

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.

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.

None.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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

NONE

III. D - 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

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.

Individual State Agency Fiscal Note

Revised

Bill Number: 5614 SB	Title: Adult entertainment	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	36,000	36,000	72,000	72,000	72,000
Total \$	36,000	36,000	72,000	72,000	72,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.1	0.2	0.1	0.1
Account					
Liquor Revolving Account-State 501-1	140,251	20,286	160,537	36,572	36,572
Total \$	140,251	20,286	160,537	36,572	36,572

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: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/08/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/08/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/08/2023

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(3): Adult entertainment as defined in RCW 49.17.470 is not indecent exposure.

Section 2(4): Adult entertainment as defined in RCW 49.17.470 is not sexual conduct.

Section 4 - RCW 49.17.470:

(11)(c): Creates definition of "Adult entertainment nightclub"

(12): The department of labor and industries may share information with the liquor and cannabis board for purposes of this section and section 6 of this act.

Section 6 – NEW SECTION:

(1) There shall be a spirits, beer, and wine adult entertainment nightclub license to sell spirituous liquor by the drink, beer, and wine at retail, for consumption on the licensed premises.

(2) The license may be issued only to an adult entertainment nightclub whose business includes the sale and service of alcohol to the adult entertainment nightclub's customers and has food sales and service incidental to the sale and service of alcohol.

(3) (a) Minors may be allowed on the licensed premises but only in areas where alcohol is not served or consumed.

(b) The board may adopt rules to allow entertainers who are over 18 years of age but under 21 years of age to perform in an adult entertainment nightclub.

(4) The annual fee for this license is \$2,000. The fee for the license shall be reviewed from time to time and set at such a level sufficient to defray the cost of licensing and enforcing this licensing program. The fee shall be fixed by rule adopted by the board in accordance with the provisions of chapter 34.05 RCW.

(5) Local governments may petition the board to request that further restrictions be imposed on a spirits, beer, and wine adult entertainment nightclub license in the interest of public safety. Examples of further restrictions a local government may request are: Not allowing minors on the entire premises, submitting a security plan, or signing a good neighbor agreement with the local government.

(6) The total number of spirits, beer, and wine adult entertainment nightclub licenses are not subject to the requirements of RCW 66.24.420(4) [limit on the combined total number of spirits, beer and wine nightclub licenses in the state]. However, the board may not refuse a spirits, beer, and wine adult entertainment nightclub license to any applicant even if the board determines that the spirits, beer, and wine nightclub licenses already granted for the particular locality are adequate for the reasonable needs of the community.

(7) The board may adopt rules to implement this section.

(8) The department of labor and industries may share information with the board for purposes of this section.

(9) The board may not issue any liquor license to any adult entertainment establishment which is not an adult entertainment nightclub.

(10) For purposes of this section:

(a) "Adult entertainment establishment" or "establishment" have the same meaning as in RCW 49.17.470 (Section 4 of this act).

(b) "Adult entertainment nightclub" has the same meaning as in RCW 49.17.470 (Section 4 of this act).

(c) "Entertainer" has the same meaning as in RCW 49.17.470 (Section 4 of this act).

Section 7 -- NEW SECTION: The Board shall repeal WAC 314-11-050 in its entirety [types of conduct prohibited on a premises with a liquor license]

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 6 creates a new spirits, beer, and wine adult entertainment nightclub license to sell spirituous liquor by the drink, beer, and wine at retail, for consumption on the licensed premises.

The annual fee for this license is \$2,000. The fee for the license shall be reviewed from time to time and set at such a level sufficient to defray the cost of licensing and enforcing this licensing program. The fee shall be fixed by rule adopted by the board in accordance with the provisions of chapter 34.05 RCW.

In November 2020, the Adult Entertainment Advisory Committee produced a report showing that there were approximately 11 adult entertainment establishments in Washington. The majority were located in King and Pierce counties, with the largest percentage located specifically in the City of Seattle. There was one club located in Spokane Valley, and when the Committee first convened in September 2019, there was a club in Kennewick that had since closed by November 2020.

The agency assumes that all 11 clubs would seek to obtain the new adult entertainment nightclub license. Since adding the ability to serve liquor would likely make adult entertainment facilities more profitable, the agency estimates an additional 7 licensees (possibly existing liquor nightclubs or other licensees) would convert to adult entertainment facilities and would obtain the new license, making an estimated total of 18 new licensees.

$$18 \times \$2,000 = \$36,000/\text{yr.}$$

The agency makes no assumptions regarding potential fee increases that may be set by the Board in the future.

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:

In November 2020, the Adult Entertainment Advisory Committee produced a report showing that there were approximately 11 adult entertainment establishments in Washington. The majority were located in King and Pierce counties, with the largest percentage located specifically in the City of Seattle. There was one club located in Spokane Valley, and when the Committee first convened in September 2019, there was a club in Kennewick that had since closed by November 2020.

The agency assumes that all 11 clubs would seek to obtain the new adult entertainment nightclub license. Since adding the ability to serve liquor would likely make adult entertainment facilities more profitable, the agency estimates an additional 7 licensees (possibly existing liquor nightclubs or other licensees) would convert to adult entertainment facilities and would obtain the new license, making an estimated total of 18 new licensees.

BOARD DIVISION:

The Washington State Liquor and Cannabis Board ("Board") is currently in the middle of a project to upgrade the agency's internal licensing and enforcement systems. The Licensing, Enforcement, Education, and Administrative Data Systems (LEEADS) is expected to go live July 1, 2024. There are change request costs associated with this legislation that will have to be submitted to the vendor. The estimated costs for these change requests is \$90,000 in FY24. Some examples of changes needed follow:

- A new license type with a new privilege code
- Implementation of licensing fee
- Implementation of Local Authority Process (assumed standard process)

Attorney General's Office billings:

The Attorney General's Office (AGO) litigates licensing and enforcement actions for LCB. The Board anticipates that there would be 18 new licenses issued as a result of the enactment of this bill. Additionally, the Board assumes that there would be a small increase of enforcement actions relating to this new license type in FY 2024 and FY 2025 of approximately two new enforcement cases referred to AGO. Thereafter, the Board anticipates the enforcement actions would decrease to one new enforcement referral each year.

Therefore, the AGO anticipates costs being billed to the Board.

FY 2024: \$8,000
FY 2025: \$8,000
FY 2026+: \$6,000

LICENSING DIVISION:

The agency will have onetime workload impact from processing the 18 new applications in FY24.

0.1 FTE Licensing Specialist Senior - \$8,436 (\$8,329 salary/benefits, \$107 in associated costs).

ENFORCEMENT DIVISION:

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI's and two officers, it is anticipated that one check will consume 4 FI's. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

The anticipated ongoing workload impact of this bill will be from licensee support and education, premise checks, and complaint investigations. Please see the attached "5614 SB Adult Entertainment - Enforcement Field Increment Calculator.pdf" for the workload calculations.

0.1 FTE LCB Enforcement Officer 2 - \$12,286/yr (\$10,700 salary/benefits, \$1,586 in associated costs).

INFORMATION TECHNOLOGY DIVISION:

There will be contracted costs and staff workload impacts in FY24 to implement this bill.

iSeries contractor - 40 hrs x \$150/hr = \$6,000

0.1 FTE IT App Development - Senior/Specialist - \$15,529 (\$15,422 salary/benefits, \$107 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	140,251	20,286	160,537	36,572	36,572
Total \$			140,251	20,286	160,537	36,572	36,572

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.1	0.2	0.1	0.1
A-Salaries and Wages	25,446	7,703	33,149	15,406	15,406
B-Employee Benefits	9,005	2,997	12,002	5,994	5,994
C-Professional Service Contracts	96,000		96,000		
E-Goods and Other Services	8,650	8,436	17,086	12,872	12,872
G-Travel	1,116	1,116	2,232	2,232	2,232
J-Capital Outlays	34	34	68	68	68
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	140,251	20,286	160,537	36,572	36,572

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
IT App Development - Senior/Specialist	118,716	0.1		0.1		
LCB Enforcement Officer 2	77,028	0.1	0.1	0.1	0.1	0.1
Licensing Specialist Senior	58,704	0.1		0.1		
Total FTEs		0.3	0.1	0.2	0.1	0.1

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)	98,000	8,000	106,000	12,000	12,000
Licensing Division (050)	8,436		8,436		
Enforcement Division (060)	12,286	12,286	24,572	24,572	24,572
Information Technology Division (070)	21,529		21,529		
Total \$	140,251	20,286	160,537	36,572	36,572

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 6 – NEW SECTION:

(1) There shall be a spirits, beer, and wine adult entertainment nightclub license to sell spirituous liquor by the drink, beer, and wine at retail, for consumption on the licensed premises.

(3) (a) Minors may be allowed on the licensed premises but only in areas where alcohol is not served or consumed.

(b) The board may adopt rules to allow entertainers who are over 18 years of age but under 21 years of age to perform in an adult entertainment nightclub.

(7) The board may adopt rules to implement this section.

Enforcement Field Increment (FI) Calculator

5614 SB "Adult entertainment"

	Number of events	Time Factor	Staffing Factor	FI Total
Non RVP Member Support and Education	18	7	1	126
Nightclubs Premises checks	36	3	2	216
Complaint Investigations Liquor	6	15	1.3	117

Total FI's	459
Total Field Increments per FTE	4,220
FTE's required	0.11
Round	0.10

<u>Factors</u>	<u>Values</u>
Night Clubs	18
Non RVP Member Support and Education	18
Nightclubs Premises checks	36
Complaint Investigations Liquor	6

Individual State Agency Fiscal Note

Bill Number: 5614 SB	Title: Adult entertainment	Agency: 235-Department of Labor and Industries
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

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: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Preparation: Jenifer Colley	Phone: (360) 902-6983	Date: 02/03/2023
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 02/03/2023
OFM Review: Anna Minor	Phone: (360) 790-2951	Date: 02/06/2023

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.

This bill relates to the safety and security of adult entertainers; amending RCW 49.17.470 and adding a new section to chapter 49.17 RCW; adding a new section to RCW 66.24.

Section 4 Amends RCW 49.17.470:

(4) For the purposes of enforcement, except for subsections (1) and (8) through (10) of this section, this section shall be considered a safety and health standard under this chapter.

5 (a) The department must develop or contract for the development of training for establishment employees. The training must include topics to minimize occurrences of unprofessional behavior by establishments' employees and enable the employees to support entertainers in times of conflict including, but not limited to, topics related to:

- (i) Anti-sexual harassment;
- (ii) Conflict de-escalation; and
- (iii) First aid.

(b) An establishment must require all establishment employees to take the training within 30 days of hiring and at least every two years.

(6) An adult entertainment establishment must provide at least one security person during business hours. The department may require additional security persons based on the size of the establishment as determined by the department by rule.

(8) Establishments must provide entertainers with written notice of the reason or reasons for any termination or refusal to rehire an entertainer within 10 business days of the termination or refusal to rehire the entertainer.

(9) RCW 49.60.030 and the right to be free from discrimination applies to the relationship between the establishment and an entertainer.

(10) (a) An adult entertainment establishment may not:

(i) Charge any fee:

(A) To entertainers who are employees under RCW 49.17.020; and

(B) That is greater than 30 percent of the entertainment fees collected by the entertainer during the leased date and time, excluding tips paid to the entertainer, to entertainers who are not employees under RCW 49.17.020;

(ii) Carry forward an unpaid balance from any fee incurred previously by the entertainer for access to or usage of the establishment premises;

(iii) Charge fees to an entertainer for late payment or nonpayment of any fee;

(iv) Take adverse action against an entertainer based on scheduling;

(v) Obligate an entertainer to appear for any length of time, provided the entertainer satisfies a leasing fee or otherwise agrees to an alternative charge;

(vii) Control for any entertainer who is not an employee under RCW 49.17.020;

(A) How much the entertainer charges customers for adult entertainment;

(B) When, how, and for how long the entertainer works; or

(C) What type of clothing or costumes to wear during adult entertainment;

(viii) Include arbitration clauses in contracts with entertainers.

(b) Any fee must be stated in a written contract and continue to apply for a period of not less than six months.

(c) This subsection does not prevent an establishment from providing leasing discounts or credits to encourage scheduling or charge lease amounts that vary based on the time of day.

Section 5

Adds new section to RCW 49.17, no state agency or local government may adopt laws, rules, ordinances, or regulations that limit or prohibit an entertainer from:

(a) Collecting any form of payment from customers;

(b) Touching their own body or exposing themselves while performing within an adult entertainment establishment; and

(c) Engaging in physical contact with another person that is otherwise lawful outside of an adult entertainment

establishment, such as restrictions on proximity or distance, before or during any exhibition, performance, or dance of any type.

Section 6

Amends Alcoholic Beverage Control chapter 66.24 RCW and WAC 314-11-050 to permit alcohol sales in adult entertainment establishments.

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.

The cash receipts related to this bill are indeterminate due to variables including, how many violations will be found and how many of these cases will result in penalties. At this time, L&I estimates a minimal number of citations, due to the limited size of the industry.

Section 6

None. The Liquor and Cannabis board collects and retains the proceeds from the spirits, beer, and wine adult entertainment license fee. Therefore there is no impact to fees that L&I collects.

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.

Section 4 (5)(a)

The training development and rulemaking can be accomplished with existing resources, under assumption that the department will be developing the training standards and the employers will be delivering to their employees to be specific to the individual workplaces. If the assumptions are the training will be a generic training provided by the department and available to online, the department may need additional resources. As the intent is not clear, the costs are indeterminate

This section is also subject to DOSH enforcement, which can done with existing resources.

Section 4(11)(c)

This subsection adds a definition of “adult entertainer nightclub”, which is defined as adult entertainment establishment that demonstrates to the department that it meets specific criteria. This will likely require an onsite visit for some of the criteria and review of documentation. As adult entertainer nightclubs are eligible for the issuance of a spirits, beer, and wine adult entertainment nightclub license by the Liquor and Cannabis Board under section (6), we assume all existing adult entertainment establishments will choose to demonstrate to the department they are in compliance with the requirements. It is also assumed that this demonstration occurs at least annually and that the department will investigate complaints that the establishments are no longer in compliance with the criteria, including complaints that the establishments are not in compliance with existing safety and health standards that are included in the criteria. The department will have to retain the document related to the determination and share as needed with the Liquor and Cannabis Board under section as authorized under section 4(12). Given the current number of establishments, this work can be done with existing resources. However, it is unknown if number of establishments will increase and if so, by how much. Depending on factors such as these, there may be a need for resources.

Section 4 (8-10)

These subsections are added to chapter 49.17 RCW, the Washington Industrial Safety and Health Act (WISHA), however, are not identified as safety or health standards for enforcement purposes. There are no private rights of action provisions under WISHA. While L&I has enforcement authority, given L&I’s role in administering the WISHA we expect significant questions will arise as to the effect and application of the subsections and possible legal challenges to the requirements. Given the uncertainty, the fiscal impacts are indetermination.

Section 5

This subsection amends WISHA prohibit state agencies and local governments from regulating the listed actions and conduct of entertainers. L&I has no enforcement for this provision, L&I’s enforcement authority under WISHA is for employer violations. However, given L&I’s role in administering the WISHA we expect significant questions will arise as to the effect and application of the subsections and possible legal challenges to the requirements. Given the uncertainty, the fiscal impacts are indetermination.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

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

NONE

III. D - 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

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

NONE

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.

This legislation would result in rule changes to:

- WAC 296-831

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5614 SB

Title: Adult entertainment

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: This legislation provides local governments the option to adopt ordinances or regulations that are more protective than what is proposed.
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 02/06/2023
Leg. Committee Contact: Susan Jones	Phone: 360-786-7404	Date: 01/28/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 02/06/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/06/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This legislation would allow adult entertainment clubs or facilities to apply for a spirits, beer, and wine liquor license by repealing a portion of the Washington administrative code (WAC 314-11-050) which prohibits certain types of conduct in liquor establishments.

Sec.1 (3) of RCW 9A.88.010 is amended to revise the definition of adult entertainment.

Sec.2 (4) and Sec.3 (4) of RCW 9A.88.030 are amended to revise the definition of adult entertainment.

Sec.4 (5) of RCW 49.17.470 is amended to add language stating that the department of labor and industries must develop training for establishment employees on anti-sexual harassment, conflict de-escalation and first aid; establishes deadlines for training; and requires adult entertainment establishments to provide security during business hours.

Sec.4 (6) of RCW 49.17.470 is amended to remove the requirement that an entertainer advisory committee assist with the implementation of training and other advisory duties as described.

Sec.4 (8) amends RCW 49.17.470 to require establishments to provide written termination notices that include reason(s) for the termination to entertainers within 10 business days.

Sec.4 (9) amends RCW 49.60.30 to extend to entertainers the right to be free from discrimination.

Sec.4 (10) amends RCW 49.17.470 to prohibit entertainment establishments from charging certain fee to entertainers, taking certain adverse actions against entertainers, control how much entertainers may charge customers, determine the hours worked or type of clothing worn. The section also requires that fees to be charged are included in a written contract of not less than six months.

Sec.4 (11) amends RCW 49.17.470 to revise the definition of adult entertainment establishments.

Sec.4 (12) amends RCW 49.17.470 to allow the department to share certain information with the liquor and cannabis board.

Sec.5 adds a new section to chapter 49.17 which prohibits any state agency or local government from adopting laws, rules, ordinances, or regulations that limit or prohibit entertainers from collecting any form of payment, prohibits entertainers from touching or exposing themselves while performing, and/or engaging in physical contact otherwise considered lawful outside an adult entertainment establishment. It does not prohibit these authorities from adopting ordinances or regulations that are more protective of entertainers.

Sec.6 adds a new section to chapter 66.24 RCW which describes requirements for a new liquor license in adult entertainment establishments, the annual fee amount (\$2,000), and the process for local governments to impose certain restrictions in the interest of public safety.

Sec.7 adds a new section requiring the liquor and cannabis board to repeal the rule codified at WAC 314-11-050 in its entirety.

Sec.8 adds a new section stating that if any provision of this act is determined to be invalid, the remainder of the act is not affected.

Sec.9 adds a new section providing an expiration date of January 1, 2024, for Section 2 of this act.

Sec.10 adds a new section providing an effective date of January 1, 2024, for Section 3 of this act.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

There is no expenditure impact on local governments due to the local option.

Local governments are provided an option to petition the liquor and cannabis board to request that further restrictions be imposed on a spirits, beer, and wine liquor license in the interest of public safety. There is no information available on whether or not any local jurisdictions will request these restrictions or what expenditures would result for local governments.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

There is no revenue impact on local governments.

SOURCES

Washington State Association of Counties



Multiple Agency Ten-Year Analysis Summary

Bill Number 5614 SB	Title Adult entertainment
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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
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Office of Administrative Hearings	0	0	0	0	0	0	0	0	0	0	0
Liquor and Cannabis Board	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360,000
Department of Labor and Industries	0	0	0	0	0	0	0	0	0	0	0
Total	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360,000



Ten-Year Analysis

Bill Number 5614 SB	Title Adult entertainment	Agency 100 Office of Attorney General
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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**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Chad Standifer	Phone: 3605863650	Date: 2/8/2023 10:02:46 am
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 2/8/2023 10:02:46 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5614 SB	Title Adult entertainment	Agency 110 Office of Administrative Hearings
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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

Name of Tax or Fee	Acct Code												
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Agency Preparation: Pete Boeckel	Phone: 360-407-2730	Date: 2/6/2023 2:37:48 pm
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 2/6/2023 2:37:48 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5614 SB	Title Adult entertainment	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
spirits, beer, and wine adult entertainment nightclub license	501	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360,000
Total		36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360,000
Biennial Totals		72,000		72,000		72,000		72,000		72,000		360,000

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 6 of this bill creates a new spirits, beer, and wine adult entertainment nightclub license to sell spirituous liquor by the drink, beer, and wine at retail, for consumption on the licensed premises.

The annual fee for this license is \$2,000. The fee for the license shall be reviewed from time to time and set at such a level sufficient to defray the cost of licensing and enforcing this licensing program. The fee shall be fixed by rule adopted by the board in accordance with the provisions of chapter 34.05 RCW.

In November 2020, the Adult Entertainment Advisory Committee produced a report showing that there were approximately 11 adult entertainment establishments in Washington. The majority were located in King and Pierce counties, with the largest percentage located specifically in the City of Seattle. There was one club located in Spokane Valley, and when the Committee first convened in September 2019, there was a club in Kennewick that had since closed by November 2020.

The agency assumes that all 11 clubs would seek to obtain the new adult entertainment nightclub license. Since adding the ability to serve liquor would likely make adult entertainment facilities more profitable, the agency estimates an additional 7 licensees (possibly existing liquor nightclubs or other licensees) would convert to adult entertainment facilities and would obtain the new license, making an estimated total of 18 new licensees.

18 x \$2,000 = \$36,000/yr.



Ten-Year Analysis

Bill Number 5614 SB	Title Adult entertainment	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> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

The agency makes no assumptions regarding potential fee increases that may be set by the Board in the future.

Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 2/8/2023 1:59:17 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 2/8/2023 1:59:17 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5614 SB	Title Adult entertainment	Agency 235 Department of Labor and Industries
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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**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Jenifer Colley	Phone: (360) 902-6983	Date: 2/3/2023 2:03:44 pm
Agency Approval: Trent Howard	Phone: 360-902-6698	Date: 2/3/2023 2:03:44 pm
OFM Review:	Phone:	Date: