

Multiple Agency Fiscal Note Summary

Bill Number: 5448 S SB AMH RSG H1712.1	Title: Delivery of alcohol
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Estimated Cash Receipts

NONE

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	.1	0	0	41,900	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	5.2	0	0	1,320,063	.0	0	0	0	.0	0	0	0
Total \$	5.3	0	0	1,361,963	0.0	0	0	0	0.0	0	0	0

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: Amy Hatfield, OFM	Phone: (360) 280-7584	Date Published: Final 4/ 3/2023
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Department of Revenue Fiscal Note

Bill Number: 5448 S SB AMH RSG H1712.1	Title: Delivery of alcohol	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
Account					
Business License Account-State 03N-1	41,900		41,900		
Total \$	41,900		41,900		

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:	Phone:	Date: 03/30/2023
Agency Preparation: Van Huynh	Phone: 60-534-1512	Date: 03/31/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 03/31/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 03/31/2023

Request # 5448-1-1

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.

Note: This fiscal note reflects House amendment H1712.1 to SSB 5448, 2023 Legislative Session.

CURRENT LAW:

The law allows:

- Liquor licensees to sell alcohol products at retail for curbside and takeout service or delivery or both.
- Spirits, beer, and wine restaurant licensees to sell pre-mixed cocktails and cocktail kits for takeout or curbside service and for delivery.
- Spirits, beer, and wine restaurant licensees to sell wine by the glass or premixed wine and spirits cocktails for takeout or curbside service and for delivery.

A licensee must obtain from the Liquor and Cannabis Board (LCB) an endorsement to their license in order to conduct these activities.

These privileges were put in place to mitigate the impact of COVID-19 and are effective until July 1, 2023.

PROPOSAL:

This bill extends the privileges of liquor licensees described above beyond July 1, 2023, with limitations. For example, the bill eliminates “curbside service”. The revised privileges with this bill allow:

- Liquor licensees to sell alcohol products at retail for takeout or delivery or both.
- Spirits, beer, and wine restaurant licensees to sell pre-mixed cocktails for takeout and until July 1, 2025, for delivery.
- Spirits, beer, and wine restaurant licensees to sell wine by the glass or premixed wine and spirits cocktails for takeout and until July 1, 2025, for delivery.

Employees of an alcohol delivery endorsement license holder may deliver alcohol if they:

- Are at least 21 years of age.
- Possess a class 12 permit.

Delivery services conducted by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees must be accompanied by a purchased meal prepared and sold by the license holder.

Alcohol sold for takeout by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees must be accompanied by a purchased meal prepared and sold by the license holder.

Any alcohol product sold for takeout or delivery must be in a factory sealed container or a tamper-resistant container.

EFFECTIVE DATE:

This bill takes effect on July 1, 2023.

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.

This bill does not impact taxes administered by the Department of Revenue (department).

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:

This legislation will affect 11,000 taxpayers holding various alcohol related licenses administered by the Liquor and Cannabis Board.

FIRST YEAR COSTS:

The department will incur total costs of \$41,900 in fiscal year 2024. These costs include:

Labor Costs - Time and effort equate to 0.2 FTE.

- Set up, program, and test computer systems to make changes to an existing endorsement addendum, application, and renewal.
- Update scanning program for changes in the endorsement addendum.
- Assist taxpayers with reporting questions and respond to inquiries via email, web message, and paper correspondence.
- Examine accounts and make corrections as necessary.

Object Costs - \$17,600.

- Contract computer system programming.

SECOND YEAR COSTS:

The department will not incur any costs in fiscal year 2025.

ONGOING COSTS:

There are no ongoing costs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.2		0.1		
A-Salaries and Wages	14,900		14,900		
B-Employee Benefits	4,900		4,900		
C-Professional Service Contracts	17,600		17,600		
E-Goods and Other Services	3,100		3,100		
J-Capital Outlays	1,400		1,400		
Total \$	\$41,900		\$41,900		

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		
Total FTEs		0.2		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: 5448 S SB AMH RSG H1712.1	Title: Delivery of alcohol	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.2	5.2	5.2	0.0	0.0
Account					
Liquor Revolving Account-State 501-1	715,874	604,189	1,320,063	0	0
Total \$	715,874	604,189	1,320,063	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:	Phone:	Date: 03/30/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 04/03/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 04/03/2023
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 04/03/2023

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(1): strikes the temporary language enacted during COVID and removes the curbside sales of alcohol privilege for restaurants, taverns, wineries, breweries, and all licensees that currently have temporary curbside sales privileges pursuant to HB 1480 (2021).

Section 1(2): Removes the privilege for spirits, beer, and wine restaurant licensees to sell cocktail kits with mini-bottles of spirits and removes the related exemption from spirits taxes (See reference to Old Section 7 below).

Section 1(2b): Prohibits alcohol products from being sold by delivery, after July 1, 2025, pursuant to the privileges that were established in Engrossed Second Substitute House Bill No. 1480 (2021).

Section 1(5c): Requires alcohol sold for takeout (and not only for delivery) by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees pursuant to the privileges to be accompanied by a purchased meal prepared and sold by the license holder.

Section 1(5d): Requires any alcohol product sold for takeout or delivery pursuant to the privileges to be in a factory sealed container or a tamper-resistant container.

Section 2(13): adds definition of “delivery” to mean the transportation of alcohol to an individual located within Washington state from a licensed location holding an alcohol delivery endorsement as part of a delivery order. “Delivery” does not include services provided by common carriers.

Section 3: adds an employee conducting alcohol deliveries for a alcohol delivery license holder, as a person to whom a class 12 alcohol server permit is required.

Section 6: Requires the LCB to submit a report with recommendations to the governor and the legislature for a comprehensive alcohol delivery policy, by November 2023. Specifies that the recommendations in the report must include a consistent, equitable structure for alcohol delivery licenses, endorsements, permits, and fees, and a comprehensive plan to help ensure all deliveries of alcohol are made only to persons who are 21 years of age or older.

Section 7: Section 1 of this act is codified as a new section in RCW 66.24.

Section 8: This bill takes effect July 1, 2023.

CHANGES MADE BY THE PROPOSED STRIKING AMENDMENT:

Section 1(2b): Prohibits alcohol products from being sold by delivery, after July 1, 2025, pursuant to the privileges that were established in Engrossed Second Substitute House Bill No. 1480 (2021).

Section 1(5c): Requires alcohol sold for takeout (and not only for delivery) by beer and wine restaurant licensees and spirits, beer, and wine restaurant licensees pursuant to the privileges to be accompanied by a purchased meal prepared and sold by the license holder.

Section 1(5d): Requires any alcohol product sold for takeout or delivery pursuant to the privileges to be in a factory sealed container or a tamper-resistant container.

DELETED: Old Section 1(10) - eliminates the proposed requirement that a licensee delivering alcohol pursuant to the privileges must maintain a compliance rate of at least 95 percent per year in ensuring that all deliveries of alcohol are made only to a person who is 21 years of age or older who signs for the delivery.

Section 2(13): Changes the proposed definition of "delivery" in liquor statutes (Title 66 RCW) so the word would be defined as the transportation of alcohol to an individual located within Washington from a licensed location holding an alcohol delivery endorsement as part of a "delivery order" (rather than a "to go order"). Retains the provision in the proposed definition that specifies "delivery" does not include services provided by common carriers.

Section 3(2f): Eliminates the proposed \$5 additional fee at the time of issuance and replacement of a class 12 permit of an employee who conducts deliveries for a delivery endorsement holder pursuant to the privileges.

DELETED: Old Section 5: Eliminates the proposed requirement for the liquor and cannabis board (LCB) to create a \$50 license endorsement for restaurants, taverns, wineries, breweries, and distilleries to conduct alcohol deliveries under the privileges, to continue applying the existing requirement that these licensees must obtain a no-cost endorsement from the LCB to conduct delivery privileges.

Section 6: Requires the LCB to submit a report with recommendations to the governor and the legislature for a comprehensive alcohol delivery policy, by November 2023. Specifies that the recommendations in the report must include a consistent, equitable structure for alcohol delivery licenses, endorsements, permits, and fees, and a comprehensive plan to help ensure all deliveries of alcohol are made only to persons who are 21 years of age or older.

Section 9: Changes the effective date to July 1, 2023, from immediately.

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.

No cash receipt impact.

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.

LICENSING DIVISION:

The agency anticipates a workload impact to process the applications for endorsement in FY24 & FY25.

0.3 FTE Customer Service Specialist 3 - \$22,938/yr (\$22,107 salary/benefits, \$831 in associated costs).

In addition, the agency anticipates needing 0.5 FTE Program Specialist 2 in FY24 & FY25 to:

- Assist the Program Manager to create training and educate MAST Providers on new regulations
- Assist the Program Manager with MAST Provider training curriculum reviews and approvals
- Answer questions, as the agency expects an increase in questions from MAST Permit Holders and Providers

0.5 FTE Program Specialist 2 - \$40,534/yr (\$39,149 salary/benefits, \$1,385 in associated costs). Onetime costs in FY24 of \$6,105 for equipment purchases.

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 agency anticipates workload impacts from compliance checks, education, and complaint investigations in FY24 & FY25. Please see the attached "5448 SSB AMH RSG H1712-1 Delivery of Alcohol - Enforcement Field Increment Calculator.pdf for the workload calculations.

4.0 FTE LCB Enforcement Officer 2 - \$491,396/yr (\$427,956 salary/benefits, \$63,440 in associated costs). Onetime costs in FY24 of \$105,580 for equipment purchases.

0.4 FTE Administrative Intern 1 - \$14,761/yr (\$14,761 salary/benefits, \$ in associated costs).

The agency anticipates performing 48 compliance check events per year. Each event is expected to cost \$720 in lodging, food, and liquor purchases. \$720 x 48 events per year = \$34,560/yr.

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	715,874	604,189	1,320,063	0	0
Total \$			715,874	604,189	1,320,063	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	5.2	5.2	5.2		
A-Salaries and Wages	364,106	364,106	728,212		
B-Employee Benefits	139,867	139,867	279,734		
C-Professional Service Contracts					
E-Goods and Other Services	105,869	54,104	159,973		
G-Travel	60,640	44,640	105,280		
J-Capital Outlays	45,392	1,472	46,864		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	715,874	604,189	1,320,063	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
Administrative Intern 1	33,924	0.4	0.4	0.4		
Customer Service Specialist 3	50,592	0.3	0.3	0.3		
LCB Enforcement Officer 2	77,028	4.0	4.0	4.0		
Program Specialist 2	54,492	0.5	0.5	0.5		
Total FTEs		5.2	5.2	5.2		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Division (050)	69,577	63,472	133,049		
Enforcement Division (060)	646,297	540,717	1,187,014		
Total \$	715,874	604,189	1,320,063		

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.

Enforcement Field Increment (FI) Calculator				
5448 SSB AMH RSG H1712.1 "Delivery of alcohol"				
	Number of events	Time Factor	Staffing Factor	FI Total
Delivery Compliance checks	48	40	8	15,360
License Support and Education	54	7	1	378
Complaint Investigations Liquor	12	15	1.3	234
Non RVP Member Support and Education	10	7	1.5	105

Factors	Values
Liquor retail licensees	1,000
Delivery Compliance checks	48
License Support and Education	54
Complaint Investigations Liquor	12
Non RVP Member Support and Education	1%
Delivery Compliance Event cost	\$720/event
Deliver Compliance Event cost/yr	\$34,560
# of compliance events per year	48
Investigative aide hours/yr	768
Investigative aide FTE's (hrs/2088/yr)	0.4

Total FI's	16,077
Total Field Increments per FTE	4,220
FTE's required	3.81
Round	4.00

Note: normally compliance checks costs are calculated as per check. Delivery compliance checks involve a whole day of work to do so the checks are calculated not as per check but as an event. The 12 checks shown are all day events and not just 48 compliance checks. The cost of \$720 per Compliance Check Event is for lodging, food and liquor purchases.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5448 S SB AMH RSG H1712.1	Delivery of alcohol

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

Estimated Cash Receipts

Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Liquor and Cannabis Board	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 5448 S SB AMH RSG H1712.1	Title Delivery of alcohol	Agency 140 Department of Revenue
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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: Van Huynh	Phone: 360-534-1512	Date: 3/31/2023 9:06:32 am
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 3/31/2023 9:06:32 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5448 S SB AMH RSG H1712.1	Title Delivery of alcohol	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**

Name of Tax or Fee	Acct Code												
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Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 4/3/2023 11:55:13 am
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 4/3/2023 11:55:13 am
OFM Review:	Phone:	Date: