

Individual State Agency Fiscal Note

Bill Number: 2163 HB	Title: Liquor licensee advertising	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	0.0	0.2	0.1	0.2	0.2
Account					
Liquor Revolving Account-State 501-1	0	26,840	26,840	53,680	53,680
Total \$	0	26,840	26,840	53,680	53,680

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.

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Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/10/2024
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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): A licensee under chapter 66.24 RCW or a permit holder under chapter 66.20 RCW identified in subsection (3) of this section who is authorized by this title or board rule to offer free tastings or samples of beer, wine, spirits, or other liquor without charge to the public, or to provide complimentary beer, wine, spirits, or other liquor to customers or guests, may advertise to the public that, as applicable, the licensee offers tastings or sampling for free without charge, or provides complimentary beer, wine, spirits, or other liquor to customers or guests.

Section 1(3): This section is intended to apply to the following licensees:

- (a) Domestic breweries licensed under RCW 66.24.240;
- (b) Microbreweries licensed under RCW 66.24.244;
- (c) Domestic wineries licensed under RCW 66.24.170;
- (d) Distilleries and craft distilleries licensed under RCW 66.24.140 or 66.24.145 and their tasting rooms licensed under RCW 66.24.146;
- (e) Grocery stores licensed under RCW 66.24.360 who hold a tasting endorsement issued under RCW 66.24.363;
- (f) Beer and/or wine specialty shops licensed under RCW 66.24.371;
- (g) Spirits retailers licensed under RCW 66.24.630 who participate in the responsible vendor program and are authorized to conduct sampling under RCW 66.24.670;
- (h) Combination spirits, beer, and wine license holders licensed under RCW 66.24.035 who hold a grocery store tasting endorsement under RCW 66.24.363 or who participate in the responsible vendor program;
- (i) All liquor licensees authorized to serve beer on tap or wine for consumption on the premises and who, pursuant to RCW 66.24.675, may provide samples of beer or wine free of charge for consumption on the premises;
- (j) Interstate common carriers licensed under RCW 66.24.395;
- (k) Hotels licensed under RCW 66.24.590;
- (l) Motels licensed under RCW 66.24.540;
- (m) Day spas with a permit under RCW 66.20.400;
- (n) Bed and breakfast lodging facilities with a permit under RCW 66.20.010(11); and
- (o) Short-term rental operators with a permit under RCW 66.20.010(18).

Section 2(1): removes the prohibition on day spa permits against advertising complimentary wine or beer.

Section 3(2c): removes the prohibition on farmer's market licensees against advertising samples outside of the designated areas at the farmer's market.

Section 4(6): removes the limitation on grocery store licensees advertising tasting events.

Section 5(2h): removes the reference to hotel licenses referring to their complimentary service in promotional materials

Section 5(9): removes outdated language

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.

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.

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 estimates need for 0.20 FTE LCB Enforcement Officer 2 (LEO2) ongoing due to workload from complaint investigations, and licensee support and education.

Please see the attached "2163 HB Liquor licensee advertising - Enforcement Field Increment Calculator.pdf" for the workload calculations.

0.2 FTE LCB Enforcement Officer 2 - \$26,840/yr (\$23,668 salary/benefits, \$3,172 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	0	26,840	26,840	53,680	53,680
Total \$			0	26,840	26,840	53,680	53,680

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1	0.2	0.2
A-Salaries and Wages		17,343	17,343	34,686	34,686
B-Employee Benefits		6,325	6,325	12,650	12,650
C-Professional Service Contracts					
E-Goods and Other Services		872	872	1,744	1,744
G-Travel		2,232	2,232	4,464	4,464
J-Capital Outlays		68	68	136	136
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	26,840	26,840	53,680	53,680

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
LCB Enforcement Officer 2	86,712		0.2	0.1	0.2	0.2
Total FTEs			0.2	0.1	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Enforcement Division (060)		26,840	26,840	53,680	53,680
Total \$		26,840	26,840	53,680	53,680

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

2163 HB "Liquor Licensee advertising " (FY25)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Non Retail Liquor	10	25	1.3	325
Complaint Investigations Liquor	20	15	1.3	390
RVP Member Support And Education	20	5	1.3	130

<u>Factors</u>	<u>Values</u>
Complaint Investigations Non Retail Liquor	10
Complaint Investigations Liquor	20
RVP Member Support And Education	20

Total FI's	845
Total Field Increments per FTE	4,220
FTE's required	0.20
Round	0.20

(FY26+)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Non Retail Liquor	5	25	1.3	163
Complaint Investigations Liquor	18	15	1.3	351
RVP Member Support And Education	15	5	1.3	98

<u>Factors</u>	<u>Values</u>
Complaint Investigations Non Retail Liquor	5
Complaint Investigations Liquor	18
RVP Member Support And Education	15

Total FI's	611
Total Field Increments per FTE	4,220
FTE's required	0.14
Round	0.20



Ten-Year Analysis

Bill Number 2163 HB	Title Liquor licensee advertising	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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