

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6122 SB	<b>Title:</b> Alcohol delivery	<b>Agency:</b> 195-Liquor and Cannabis Board
-----------------------------	--------------------------------	--

## 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		187,500	187,500	525,000	625,000
<b>Total \$</b>		187,500	187,500	525,000	625,000

### Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	6.8	3.4	6.2	6.1
<b>Account</b>					
Liquor Revolving Account-State 501-1	0	1,094,989	1,094,989	1,587,172	1,578,062
<b>Total \$</b>	0	1,094,989	1,094,989	1,587,172	1,578,062

### 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: Madeline Ralstin	Phone: 360-786-7356	Date: 01/09/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/12/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/12/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/17/2024

## 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 (new section in RCW 66.24)

(1) There is a third-party alcohol delivery service license for the delivery of alcoholic beverages from retail liquor licensees to consumers. The annual fee for the license is \$2,500.

(2) The board may make rules to implement this section, and any other necessary rules concerning alcohol delivery for the purpose of preventing any unlawful use of alcohol delivery.

Section 2 (66.20.310):

1(iii) is modified to replace "employee" with "individual" conducting alcohol deliveries for a licensee that delivers alcohol under 66.24.710 or section 1 of this act.

Section 3 (66.24.710).

Deleted references throughout the section to no alcohol products being sold by delivery after July 1, 2025

(5b)(i) Alcohol delivery under this section must be performed by an employee of an alcohol delivery endorsement holder, or an individual hired by a third-party delivery service licensed under section 1 of this act, [underlined language is new].

(8) The person performing the delivery must verify the age of the person receiving the delivery by checking a valid form of identification approved by the board. The customer ordering, paying, and receiving the alcohol must be:

- (a) The same person;
- (b) Over the age of 21; and
- (c) Show no signs of impairment.

(9b) "Third-party delivery service" means any website, mobile application, internet, or other service that facilitates the sale and same-day delivery of alcoholic beverages from spirits, beer, and wine retail licensees to consumers.

Section 4 (NEW SECTION):

(1) The board must create, regulate, and adopt provisions for a responsible alcohol delivery program. Provisions of the program may include reduced penalties and fines for businesses, and penalty mitigation opportunities, such as in-house compliance checks, with mandatory results reporting to the board.

(2) The criteria for program qualifications may include:

- (a) Supplemental company training for delivery drivers, including training on delivery procedures and mobile application use; and
- (b) Mandatory policies and procedures on returning alcohol if the purchaser does not meet the requirements of RCW 66.24.710(8).

(3) The board must create mandatory rechecks within 90 days of a business failing any compliance check required by the board under 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 adds a new section in RCW 66.24 that creates a third-party alcohol delivery service license for the delivery of alcoholic beverages from retail liquor licensees to consumers. The annual fee for the license is \$2,500.

The agency anticipates to receive at least 100 new applications (expecting 75% in the first year, 25% the second year). Beginning in FY27, 10 new applications a year ongoing.

Therefore, the agency projects the cash receipt impact as follows:

FY25: 75 new applications x \$2,500 = \$187,500

FY26: 25 new applications + 75 renewals = 100 licenses x \$2,500 = \$250,000

FY27: 10 new applications + 100 renewals = 110 licenses x \$2,500 = \$275,000

FY28: 10 new applications + 110 renewals = 120 licenses x \$2,500 = \$300,000

FY29: 10 new applications + 120 renewals = 130 licenses x \$2,500 = \$325,000

## 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.*

### PROJECT COSTS (AS BOARD DIVISION EXPENDITURES)

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 in FY 2025. 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 \$66,200 in FY25. Some examples of changes needed follow:

Project vendor costs: \$50,000

Agency vendor costs: \$16,200

- This is assumed to be initiated through the DOR/BLS process, as a new license.
- This will require a new privilege code/application.
- This will need to incorporate the standard renewal process initiated through DOR/BLS.
- This will require local authority standard process.
- Cost estimates/effort being used is based off of ROM's provided by the LCB SMP Integrator.
  - A ROM is based on minimal details and will need to be assessed and groomed if the bill is passed and complete requirements are drafted.
  - LCB is not providing an hours effort from the vendor at this time.
- LCB hours are assumed to be contracted out and have been calculated according to contractor rates, due to lack of resources.

\*\*\*\*\*

### LICENSING DIVISION:

The agency anticipates to receive at least 100 new applications (expecting 75% in the first year, 25% the second year). Beginning in FY217, 10 new applications a year ongoing.

The workload impact from these applications is expected to be 0.50 Licensing Specialist Senior (LSS) in FY25, 0.20 in FY26, and 0.10 FTE ongoing.

FY25: 0.5 FTE Licensing Specialist Senior - \$45,551 (\$44,166 salary/benefits, \$1,385 in associated costs). Onetime costs in FY25 of \$6,105 for equipment purchases.

FY26: 0.2 FTE Licensing Specialist Senior - \$18,221 (\$17,667 salary/benefits, \$554 in associated costs).

FY27+: 0.1 FTE Licensing Specialist Senior - \$9,111/yr (\$8,834 salary/benefits, \$277 in associated costs).

Changes to current MAST Program and creating a new Responsible Alcohol Delivery Program:

Licensing would need a Program Specialist 5 and a Program Specialist 3 (ongoing) to:

- Support changes to current MAST Program
  - Currently, the agency has 23 LCB certified providers that would all need to be updated and re-certified.
  - Update the MAST Provider application and other resources.
- Create, implement and manage a Responsible Alcohol Delivery Program, which includes:
  - Develop and program criteria, application process, curriculum standards, and business processes.
  - Develop and management of training resources.
  - Review and approve licensee applications and training materials.
  - Support day-to-day operations – questions, working with licenses, etc.

In addition, the agency estimates needing \$2,000 each year for software needed to develop training resources and education.

1.0 FTE Program Specialist 5 - \$124,124/yr (\$121,354 salary/benefits, \$2,770 in associated costs). Onetime costs in FY25 of \$6,105 for equipment purchases.

1.0 FTE Program Specialist 3 - \$107,176/yr (\$104,406 salary/benefits, \$2,770 in associated costs). Onetime costs in FY25 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 estimates the workload impact from this bill to be 4.0 FTE LCB Enforcement Officer 2 (LEO2) each year. The workload is from compliance checks, licensee education, complaint investigations, and issuance of violations. Please see the attached "6122 SB Delivery of alcohol - Enforcement Field Increment Calculator.pdf" for the calculations.

4.0 FTE LCB Enforcement Officer 2 - \$536,780/yr (\$473,340 salary/benefits, \$63,440 in associated costs). Onetime costs in FY25 of \$105,580 for equipment purchases.

In addition, the agency intends to have 12 compliance check events per year. Each event is anticipated to cost \$820 in hotel and food costs, and liquor purchased for the compliance checks.

\*\*\*\*\*

#### INFORMATION TECHNOLOGY DIVISION:

There will be one-time costs in FY25 to implement this bill:

Contractor costs:

iSeries modifications: 200 hrs x \$150/hr = \$30,000

staff costs:

0.3 FTE IT App Development - Senior/Specialist - \$49,423 (\$49,102 salary/benefits, \$321 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	1,094,989	1,094,989	1,587,172	1,578,062
<b>Total \$</b>			0	1,094,989	1,094,989	1,587,172	1,578,062

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years		6.8	3.4	6.2	6.1	
A-Salaries and Wages		584,123	584,123	1,047,917	1,041,628	
B-Employee Benefits		208,245	208,245	376,784	374,240	
C-Professional Service Contracts		96,200	96,200			
E-Goods and Other Services		88,151	88,151	69,869	69,606	
G-Travel		60,640	60,640	89,280	89,280	
J-Capital Outlays		57,630	57,630	3,322	3,308	
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services						
P-Debt Service						
S-Interagency Reimbursements						
T-Intra-Agency Reimbursements						
9-						
<b>Total \$</b>		0	1,094,989	1,094,989	1,587,172	1,578,062

#### 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	127,176		0.3	0.2		
LCB Enforcement Officer 2	86,712		4.0	2.0	4.0	4.0
Licensing Specialist Senior	62,892		0.5	0.3	0.2	0.1
Program Specialist 3	76,608		1.0	0.5	1.0	1.0
Program Specialist 5	91,068		1.0	0.5	1.0	1.0
<b>Total FTEs</b>			6.8	3.4	6.2	6.1

#### III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29	
Board Division (010)		66,200	66,200			
Licensing Division (050)		297,166	297,166	493,932	484,822	
Enforcement Division (060)		652,200	652,200	1,093,240	1,093,240	
Information Technology Division (070)		79,423	79,423			
<b>Total \$</b>			1,094,989	1,094,989	1,587,172	1,578,062

### 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 1 (new section in RCW 66.24)

(1) There is a third-party alcohol delivery service license for the delivery of alcoholic beverages from retail liquor licensees to consumers. The annual fee for the license is \$2,500.

(2) The board may make rules to implement this section, and any other necessary rules concerning alcohol delivery for the purpose of preventing any unlawful use of alcohol delivery.

Section 4 (NEW SECTION):

(1) The board must create, regulate, and adopt provisions for a responsible alcohol delivery program. Provisions of the program may include reduced penalties and fines for businesses, and penalty mitigation opportunities, such as in-house compliance checks, with mandatory results reporting to the board.

Enforcement Field Increment (FI) Calculator				
6122 SB "Delivery of alcohol" (FY25)				
	Number of events	Time Factor	Staffing Factor	FI Total
Delivery Compliance checks	48	40	8	15360
License Support and Education	100	7	1	700
Complaint Investigations Liquor	12	15	1.3	234
Administrative Violation Notice (AVN) Issuance	10	12	2	230

Factors	Values
Delivery license	100
Delivery Compliance checks	48
License Support and Education	100%
Complaint Investigations Liquor	12
Administrative Violation Notice (AVN) Issuance	20%
Compliance events per year	12
Cost per compliance event (hotel, food/liquor)	\$820
Compliance event costs per year	\$9,840

<b>Total FI's</b>	<b>16,524</b>
<b>Total Field Increments per FTE</b>	4,220
<b>FTE's required</b>	3.92
<b>Round</b>	<b>4.00</b>

failure rate

FY26				
	Number of events	Time Factor	Staffing Factor	FI Total
Delivery Compliance checks	48	40	8	15360
License Support and Education	83	7	1	578
Complaint Investigations Liquor	12	15	1.3	234
Administrative Violation Notice (AVN) Issuance	10	12	2	230

Factors	Values
Delivery license	110
Delivery Compliance checks	48
License Support and Education	75%
Complaint Investigations Liquor	12
Administrative Violation Notice (AVN) Issuance	20%
Compliance events per year	12
Cost per compliance event (hotel, food/liquor)	\$820
Compliance event costs per year	\$9,840

<b>Total FI's</b>	<b>16,402</b>
<b>Total Field Increments per FTE</b>	4,220
<b>FTE's required</b>	3.89
<b>Round</b>	<b>4.00</b>

failure rate

FY27				
	Number of events	Time Factor	Staffing Factor	FI Total
Delivery Compliance checks	48	40	8	15360
License Support and Education	90	7	1	630
Complaint Investigations Liquor	12	15	1.3	234
Administrative Violation Notice (AVN) Issuance	10	12	2	230

Factors	Values
Delivery license	120
Delivery Compliance checks	48
License Support and Education	75%
Complaint Investigations Liquor	12
Administrative Violation Notice (AVN) Issuance	20%
Compliance events per year	12
Cost per compliance event (hotel, food/liquor)	\$820
Compliance event costs per year	\$9,840

Total FI's	16,454
Total Field Increments per FTE	4,220
FTE's required	3.90
Round	4.00

failure rate

FY28+				
	Number of events	Time Factor	Staffing Factor	FI Total
Delivery Compliance checks	48	40	8	15360
License Support and Education	98	7	1	683
Complaint Investigations Liquor	12	15	1.3	234
Administrative Violation Notice (AVN) Issuance	10	12	2	230

Factors	Values
Delivery license	130
Delivery Compliance checks	48
License Support and Education	75%
Complaint Investigations Liquor	12
Administrative Violation Notice (AVN) Issuance	20%
Compliance events per year	12
Cost per compliance event (hotel, food/liquor)	\$820
Compliance event costs per year	\$9,840

Total FI's	16,507
Total Field Increments per FTE	4,220
FTE's required	3.91
Round	4.00

failure rate





# Ten-Year Analysis

<b>Bill Number</b> 6122 SB	<b>Title</b> Alcohol delivery	<b>Agency</b> 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>.

## 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
THIRD PARTY ALCOHOL DELIVERY SERVICE LICENSE	501		187,500	250,000	275,000	300,000	325,000	350,000	375,000	400,000	425,000	2,887,500
<b>Total</b>			187,500	250,000	275,000	300,000	325,000	350,000	375,000	400,000	425,000	2,887,500
<b>Biennial Totals</b>			187,500	525,000	625,000	725,000	825,000	2,887,500				

## Narrative Explanation (Required for Indeterminate Cash Receipts)

This bill adds a new section in RCW 66.24 that creates a third-party alcohol delivery service license for the delivery of alcoholic beverages from retail liquor licensees to consumers. The annual fee for the license is \$2,500.

The agency anticipates to receive at least 100 new applications (expecting 75% in the first year, 25% the second year). Beginning in FY27, 10 new applications a year ongoing.

Therefore, the agency projects the cash receipt impact as follows:

FY25: 75 new applications x \$2,500 = \$187,500  
 FY26: 25 new applications + 75 renewals = 100 licenses x \$2,500 = \$250,000  
 FY27: 10 new applications + 100 renewals = 110 licenses x \$2,500 = \$275,000  
 FY28: 10 new applications + 110 renewals = 120 licenses x \$2,500 = \$300,000  
 FY29: 10 new applications + 120 renewals = 130 licenses x \$2,500 = \$325,000  
 FY30: 10 new applications + 130 renewals = 140 licenses x \$2,500 = \$350,000  
 FY31: 10 new applications + 140 renewals = 150 licenses x \$2,500 = \$375,000



# Ten-Year Analysis

<b>Bill Number</b> 6122 SB	<b>Title</b> Alcohol delivery	<b>Agency</b> 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)

FY32: 10 new applications + 150 renewals = 160 licenses x \$2,500 = \$400,000
FY33: 10 new applications + 160 renewals = 170 licenses x \$2,500 = \$425,000

Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 1/12/2024 4:09:01 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/12/2024 4:09:01 pm
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 1/17/2024 1:11:52 pm