

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5007 SB	<b>Title:</b> Wine retailer shippers
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	0	0	24,000	0	0	12,000	0	0	9,000
Liquor and Cannabis Board	0	0	40,000	0	0	103,000	0	0	115,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>64,000</b>	<b>0</b>	<b>0</b>	<b>115,000</b>	<b>0</b>	<b>0</b>	<b>124,000</b>

## 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	61,200	61,200	61,200	.1	9,700	9,700	9,700	.0	0	0	0
Liquor and Cannabis Board	.1	0	0	15,874	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.2</b>	<b>61,200</b>	<b>61,200</b>	<b>77,074</b>	<b>0.1</b>	<b>9,700</b>	<b>9,700</b>	<b>9,700</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Val Terre, OFM	<b>Phone:</b> (360) 280-3973	<b>Date Published:</b> Final 1/29/2024
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5007 SB	<b>Title:</b> Wine retailer shippers	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Business License Account-State 02 - Lic., Permits & Fees 92 - Business License Fee		24,000	24,000	12,000	9,000
<b>Total \$</b>		24,000	24,000	12,000	9,000

### Estimated Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	
<b>Account</b>					
GF-STATE-State 001-1	50,500	10,700	61,200	9,700	
<b>Total \$</b>	50,500	10,700	61,200	9,700	

### 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: 60-786-7356	Date: 01/14/2024
Agency Preparation: Erikka Ferrara	Phone: 60-534-1517	Date: 01/26/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/26/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/26/2024

Request # 5007-2-2

## 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 a revision to the revenue impact, and replaces fiscal note number 5007-1.

#### CURRENT LAW:

There is currently no shipping permit specifically for wine retailers.

#### PROPOSAL:

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

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

#### EFFECTIVE DATE:

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

### II. B - Cash receipts Impact

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

#### ASSUMPTIONS

- Wine retailers registering with the department pay a \$50 business license fee and a \$10 processing fee.
  - The department will receive 400 applications from out-of-state wine retailers in fiscal year 2025.
  - The department will receive 100 applications in fiscal year 2026 and 30 applications each year after that.
- The businesses will annually renew their licenses. The annual renewal processing fee is \$5.

#### DATA SOURCES

- Department of Revenue, Business license data
- Liquor and Cannabis Board

#### REVENUE ESTIMATES

This bill increases state revenues by an estimated \$24,000 in fiscal year 2025, the first full year of impacted collections.

#### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2024 -	\$ 0
FY 2025 -	\$ 24
FY 2026 -	\$ 8
FY 2027 -	\$ 4
FY 2028 -	\$ 4
FY 2029 -	\$ 5

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

**II. C - Expenditures**

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

**ASSUMPTIONS:**

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

**FIRST YEAR COSTS:**

The department will incur total costs of \$50,500 in fiscal year 2024. These costs include:

Labor Costs – Time and effort equate to 0.11 FTE.

- Create a Special Notice and identify publications and information that the department may need to create or update on the department's website.

Object Costs - \$37,000.

- Contract computer system programming.
- Postage.
- Printing.

**SECOND YEAR COSTS:**

The department will incur total costs of \$10,700 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.1 FTEs.

- Process tax return work items, assist taxpayers with reporting questions and respond to email and web messages and paper correspondence.
- Examine accounts and make corrections as necessary.
- Attend implementation meetings.

**ONGOING COSTS:**

Ongoing costs for the 2025-27 biennium equal \$9,700 and include similar activities described in the second-year costs. Time and effort equate to 0.05 FTE per year.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1	0.1	0.1	0.1	
A-Salaries and Wages	8,400	6,400	14,800	6,400	
B-Employee Benefits	2,800	2,100	4,900	2,100	
C-Professional Service Contracts	36,200		36,200		
E-Goods and Other Services	2,400	1,500	3,900	900	
J-Capital Outlays	700	700	1,400	300	
<b>Total \$</b>	<b>\$50,500</b>	<b>\$10,700</b>	<b>\$61,200</b>	<b>\$9,700</b>	

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

<b>Job Classification</b>	<b>Salary</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>2023-25</b>	<b>2025-27</b>	<b>2027-29</b>
EXCISE TAX EX 3	64,092		0.1	0.1	0.1	
TAX POLICY SP 2	78,120	0.1		0.0		
TAX POLICY SP 3	88,416	0.0		0.0		
WMS BAND 2	98,456	0.0		0.0		
<b>Total FTEs</b>		0.1	0.1	0.1	0.1	

**III. C - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

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

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5007 SB	<b>Title:</b> Wine retailer shippers	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Liquor Revolving Account-State 501-1		40,000	40,000	103,000	115,000
<b>Total \$</b>		40,000	40,000	103,000	115,000

### Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.2	0.1	0.0	0.0
<b>Account</b>					
Liquor Revolving Account-State 501-1	0	15,874	15,874	0	0
<b>Total \$</b>	0	15,874	15,874	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Madeline Ralstin	Phone: 360-786-7356	Date: 01/14/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/16/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/16/2024
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(2): Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must:

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

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

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

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

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

### II. B - Cash receipts Impact

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

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

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

The agency estimates 400 new applications for a wine retailer shipper's permit in FY25, 100 additional applications in FY26, and 30 new applications each year thereafter.

FY25: 400 x \$100 = \$40,000

FY26: 500 x \$100 = \$50,000

FY27: 530 x \$100 = \$53,000

FY28: 560 x \$100 = \$56,000

FY29: 590 x \$100 = \$59,000

### II. C - Expenditures

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

Before wine may be shipped by a retailer authorized to sell wine at retail in this state or any other state, the retailer must be

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

The agency estimates 400 new applications for a wine retailer shipper's permit in FY25, 100 additional applications in FY26, and 30 new applications each year thereafter.

**FINANCE DIVISION:**

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

**LICENSING DIVISION:**

Additional one-time staff will be needed in FY25 to handle the onetime surge in workload. After FY25, the increase in applications can be absorbed within existing staffing levels.

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

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

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

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.2	0.1		
A-Salaries and Wages		10,899	10,899		
B-Employee Benefits		4,761	4,761		
C-Professional Service Contracts					
E-Goods and Other Services		214	214		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	0	15,874	15,874	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Specialist	54,492		0.2	0.1		
<b>Total FTEs</b>			0.2	0.1		0.0



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

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

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

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

NONE

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

NONE

**Part V: New Rule Making Required**

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

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



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b> 5007 SB	<b>Title</b> Wine retailer shippers
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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
Department of Revenue	0	24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	65,000
Liquor and Cannabis Board	0	40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	524,000
<b>Total</b>	<b>0</b>	<b>64,000</b>	<b>58,000</b>	<b>57,000</b>	<b>60,000</b>	<b>64,000</b>	<b>67,000</b>	<b>70,000</b>	<b>73,000</b>	<b>76,000</b>	<b>589,000</b>



# Ten-Year Analysis

<b>Bill Number</b> 5007 SB	<b>Title</b> Wine retailer shippers	<b>Agency</b> 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**

## 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
	03N		24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	65,000
<b>Total</b>			24,000	8,000	4,000	4,000	5,000	5,000	5,000	5,000	5,000	65,000
<b>Biennial Totals</b>		24,000		12,000		9,000		10,000		10,000		65,000

## Narrative Explanation (Required for Indeterminate Cash Receipts)

This bill requires a wine retailer to be licensed to sell wine in Washington or obtain a wine retailer shipper's permit and pay an annual fee of \$100 to the Liquor and Canna Board, prior to shipping wine into Washington.

An applicant for a wine retailer shipper's permit must register with the Department of Revenue (department) and collect all applicable state and local sales and use taxes all sales of wine shipped to buyers in Washington. Wine retailers registering with the department pay a \$50 business license fee and a \$10 processing fee. To continue th license, the business must renew annually which costs \$5.

Agency Preparation: Erika Ferrara	Phone: 360-534-1517	Date: 1/26/2024 8:03:17 am
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/26/2024 8:03:17 am
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 1/29/2024 8:07:45 am



# Ten-Year Analysis

<b>Bill Number</b> 5007 SB	<b>Title</b> Wine retailer shippers	<b>Agency</b> 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

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

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
WINE RETAILER SHIPPER PERMIT	501		40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	524,000
<b>Total</b>			40,000	50,000	53,000	56,000	59,000	62,000	65,000	68,000	71,000	524,000
<b>Biennial Totals</b>			40,000	103,000		115,000		127,000		139,000		524,000

## Narrative Explanation (Required for Indeterminate Cash Receipts)

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

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

The agency estimates 400 new applications for a wine retailer shipper's permit in FY25, 100 additional applications in FY26, and 30 new applications each year thereafter

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



# Ten-Year Analysis

<b>Bill Number</b> 5007 SB	<b>Title</b> Wine retailer shippers	<b>Agency</b> 195 Liquor and Cannabis Board
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Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 1/16/2024 3:34:04 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/16/2024 3:34:04 pm
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 1/29/2024 8:07:45 am