

Appropriation Period: 2011-13 Activity Version: 2C - Enacted Recast Sort By: Activity

195 - Liquor Control Board

A001 Administrative Activity

The Liquor Control Board (LCB) establishes policies for the sale of alcoholic beverages and tobacco products throughout the state. Activities funded in this category include costs for the overall management of agency employees, and oversight of administrative and policy duties.

Account	FY 2012	FY 2013	Biennial Total
FTE	120.5	119.3	119.9
501 Liquor Revolving Account			
501-1 State	\$13,501,000	\$13,303,000	\$26,804,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Safeguard and manage public funds

Expected Results

In addition to providing quality leadership and infrastructure support, the agency will work on additional policy development and implementation, process improvement, regulatory reform, workforce planning, and community outreach.

A003 Contract Liquor Store Operations

The purpose of this activity is to pay commissions and minor operating expenses for contract liquor store retail outlets located in communities that do not have large enough populations to support the operational expenses of a state-operated store. The Liquor Control Board, with recommendations from its Retail Division, appoints local business owners to sell products under contractual and code regulations. Supporting functions also include contract store supervision.

Account	FY 2012	FY 2013	Biennial Total
501 Liquor Revolving Account			
501-1 State	\$231,000	\$264,000	\$495,000
501-6 Non-Appropriated	\$13,100,000	\$14,025,000	\$27,125,000
501 Account Total	\$13,331,000	\$14,289,000	\$27,620,000

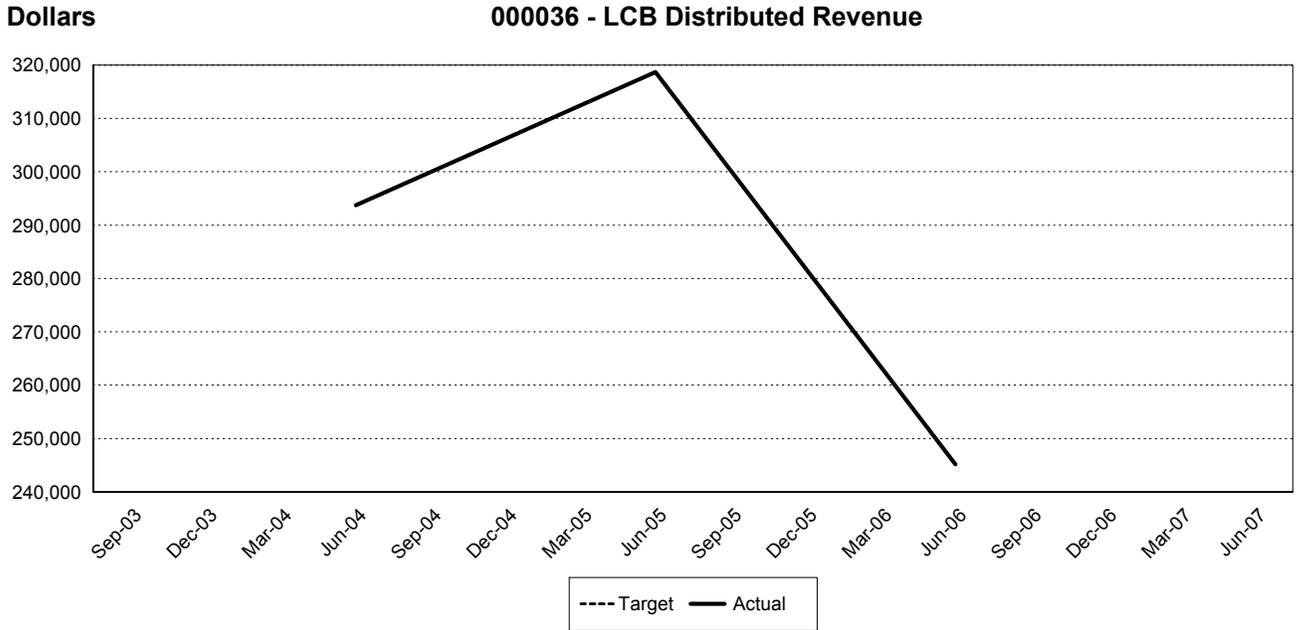
Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Safeguard and manage public funds

Expected Results

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Contract liquor stores serve community needs in rural areas. Annual sales from contract liquor stores contribute to the Liquor Control Board's net profit which is distributed back to the state and local communities.



A004 Enforcement of Liquor Control Laws

The Retail Enforcement section protects and serves the public by striving to ensure legal acquisition and responsible use of alcohol and tobacco.. This is achieved primarily through educational efforts and enforcement operations. Educational efforts include: liquor law briefing materials and education for licensees and staff; technical assistance visits; liquor law training for law enforcement officers; partnerships with community/prevention groups; and licensing support. Enforcement operations include: premises visits; compliance checks; undercover operations; joint patrols with local law enforcement; emphasis at locations of strategic interest; regulatory enforcement; investigation of citizen/law enforcement complaints; alcohol related serious injury accident investigation; and financial audits.

Account	FY 2012	FY 2013	Biennial Total
FTE	80.6	81.0	80.8
501 Liquor Revolving Account			
501-1 State	\$7,043,000	\$7,078,000	\$14,121,000

Statewide Result Area: Improve the safety of people and property

Statewide Strategy: Enforce the law

Expected Results

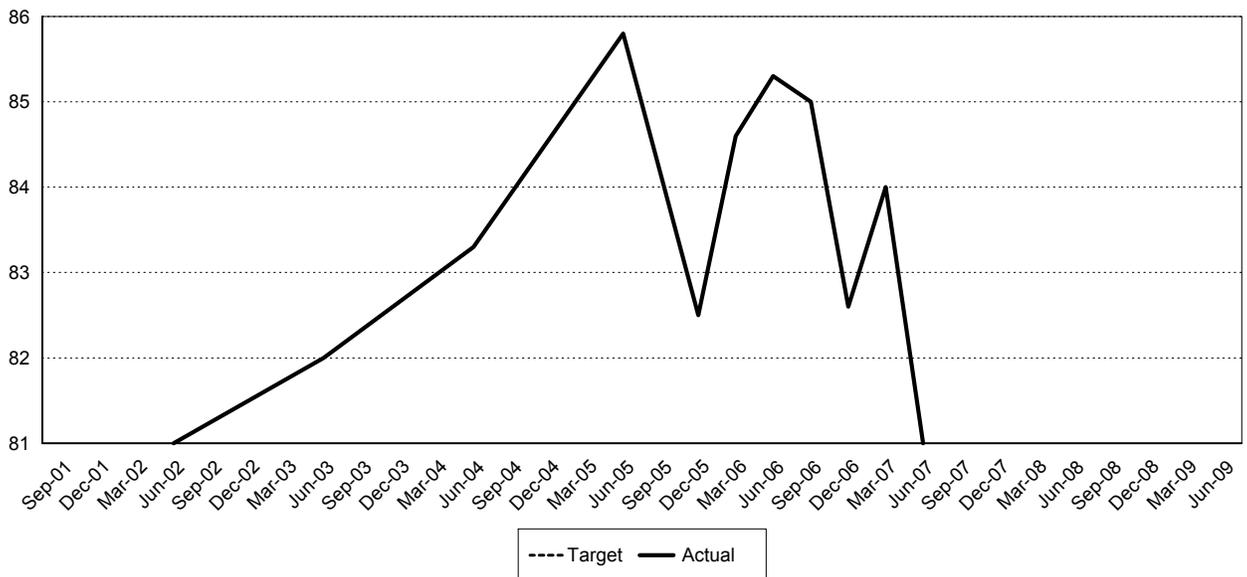
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The Enforcement Division will provide saturation patrols for community events. The division will target special and large events such as Mardi Gras, Seafair, athletic events, and concerts. Liquor and Tobacco Officers will conduct liquor premise inspections each year, providing licensees with enabling techniques that increase compliance with state liquor laws. Emphasis on locations of strategic interest are based on calls of service from police departments and DUI history. Liquor and Tobacco Officers will conduct over 1,600 liquor compliance checks each year to ensure that licensees are not providing alcohol products to minors. They also will provide training to approximately 15,000 licensees/employees on responsible liquor sales methods and the consequences of selling alcohol products to minors.

000677 Percentage of licensed businesses in compliance with underage drinking laws.*			
Biennium	Period	Actual	Target
2007-09	Q8		
	Q7		
	Q6		
	Q5		
	Q4		
	Q3		
	Q2		
	Q1		

Percent

000677 - Businesses in compliance with liquor laws



A007 Liquor Licensing and Permits

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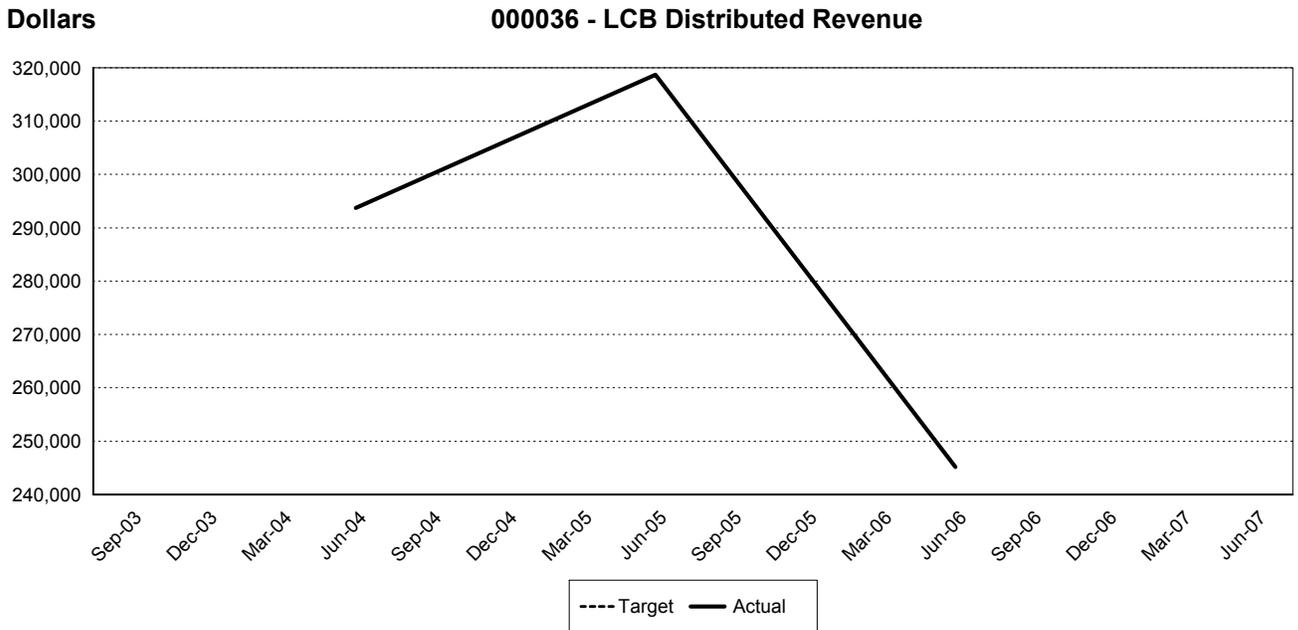
The Program Administration, License Investigation, License Processing, and Customer Service Units review and report on all license applications, permit applications, and business modification requests from current license holders; approve all liquor license and permit applications and renewals except those involving extensive investigation or requiring a board decision; maintain official licensing records and make documents available for court, administrative action, and public records requests; and provide licensing information for applicants and the general public.

Account	FY 2012	FY 2013	Biennial Total
FTE	34.2	33.7	34.0
501 Liquor Revolving Account			
501-1 State	\$2,157,000	\$2,131,000	\$4,288,000

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results

Licensing staff provide service to approximately 13,000 retail liquor licensees by maintaining official licensing information, providing technical assistance on liquor laws and regulations, and taking administrative action related to liquor violations or non-renewal requests from local government officials. The agency processes approximately 5,000 liquor license applications and alcohol permits per year. The number of annual applications varies based on the state of the economy.



A008 Liquor Purchasing and Merchandising

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The Purchasing Division’s function is to provide citizens a wide selection of alcoholic beverages at reasonable prices. The division recommends product listings to the board and manages inventory in the Distribution Center. The Special Order Program allows customers to obtain products that are not in general listings.

Account	FY 2012	FY 2013	Biennial Total
FTE	13.5	13.5	13.5
501 Liquor Revolving Account			
501-1 State	\$1,015,000	\$1,051,000	\$2,066,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Safeguard and manage public funds

Expected Results

Maintain a selection of over 1,900 alcohol beverage items for liquor stores, contract stores, and licensees. Evaluate proposed new products to carry, as well as low-performing items to discontinue, in order to ensure consumer trends are captured and customer expectations are met. Ensure that customer needs are met through the special order program for items not listed by the Board. Review and manage inventory forecasts and sales data to ensure an in-stock level of 95 percent. Maintain trend of increasing sales and revenues to the state. Continue to expand the number of products and suppliers participating in the bailment inventory management system which allows us to lower the cost of goods sold and delay payment on products until they are withdrawn from bailment inventory and shipped to retail outlets. Increase return on investment by purchasing discounted stock during sale periods and selling at full margin, adding approximately \$2.5 million in additional revenues annually. Expand the vendor managed inventory (VMI) program in order to reduce the LCB effort required for the generation of purchase orders. Implement shelf management and product display programs intended to encourage consumer trade-up and increase revenue.

A009 Liquor Warehouse Operations and Distribution

The Board operates a warehouse for the storage and shipment of liquor. Located in Seattle, the warehouse receives products from suppliers and ships products to state liquor stores and contract liquor stores throughout the state.

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Account	FY 2012	FY 2013	Biennial Total
FTE	105.3	104.6	105.0
335 Liquor Control Board Construction and Maintenance Account			
335-1 State	\$5,059,000	\$5,022,000	\$10,081,000
501 Liquor Revolving Account			
501-1 State	\$5,169,000	\$5,240,000	\$10,409,000
501-6 Non-Appropriated	\$1,781,000	\$1,619,000	\$3,400,000
501 Account Total	\$6,950,000	\$6,859,000	\$13,809,000

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

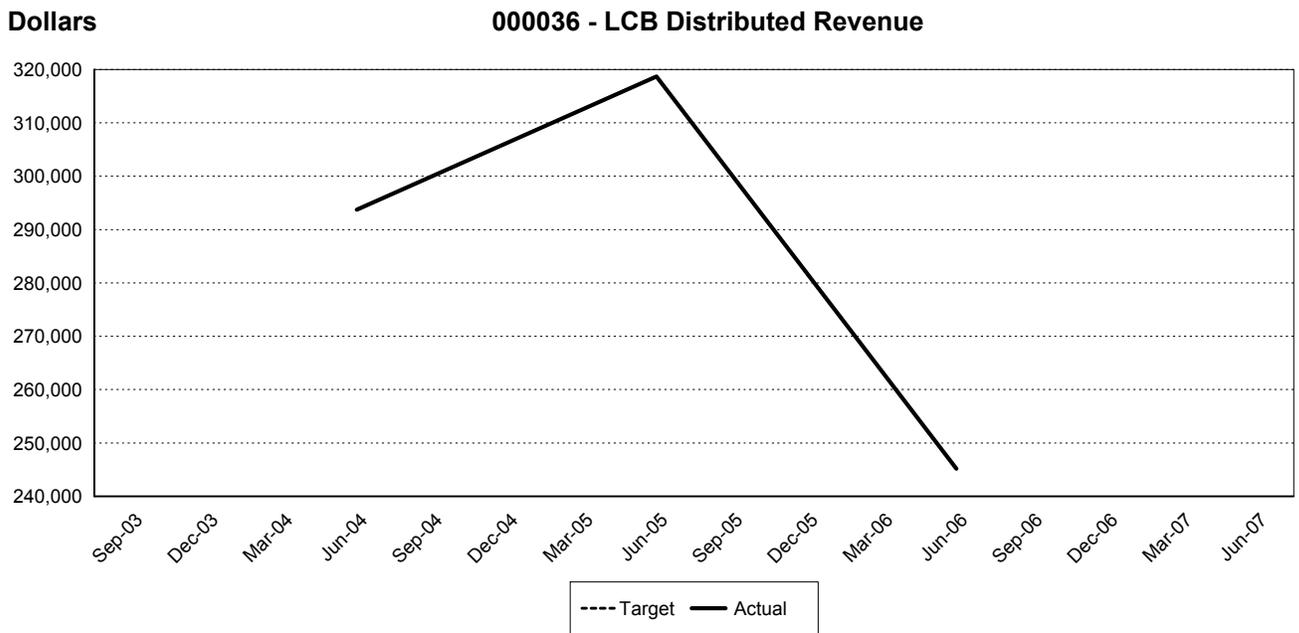
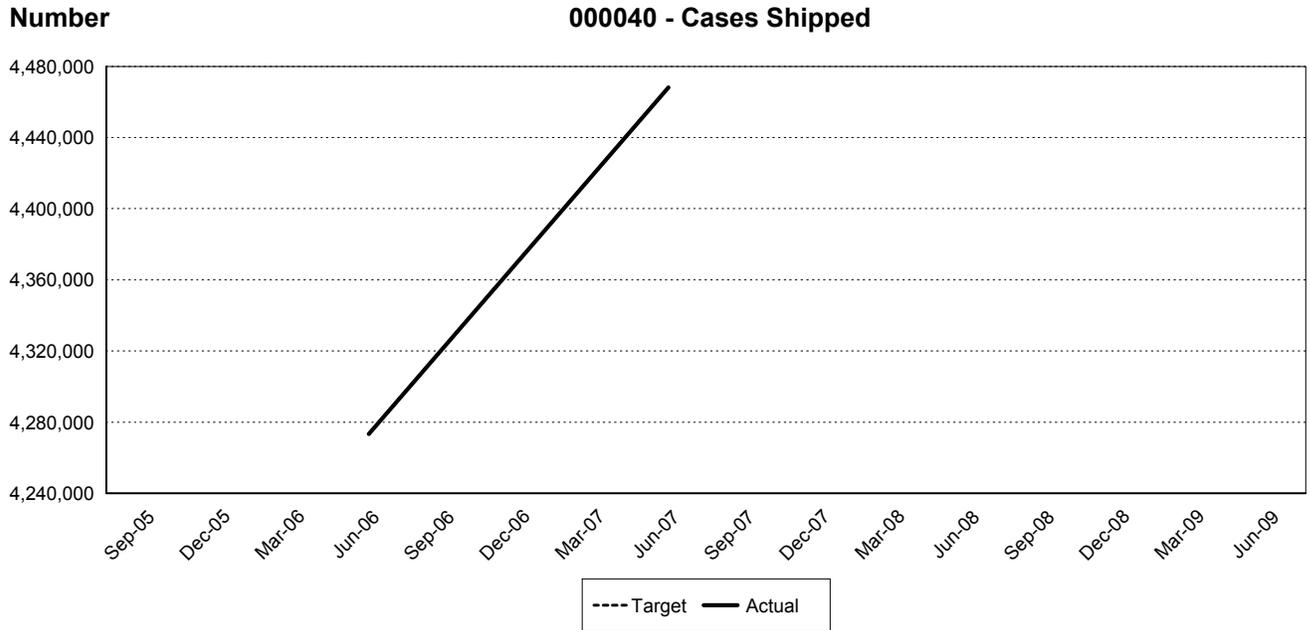
Statewide Strategy: Safeguard and manage public funds

Expected Results

The distribution center will receive, process, and ship over 5 million cases annually to the network of state-owned stores, contract liquor stores, military bases, and tribal outlets. Daily shipments average 21,000 cases, with peak daily shipments reaching 30,000+ cases during November and December. Daily inventory levels of between 410,000 to 450,000 cases valued at cost of \$4 million are maintained. Special orders amounting to 25,000 cases a year are provided as a service to our customers without additional cost.

000040 Number of cases shipped annually from the Liquor Control Board's distribution center.			
Biennium	Period	Actual	Target
2007-09	Q8		
	Q7		
	Q6		
	Q5		
	Q4		
	Q3		
	Q2		
	Q1		

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A010 Regulation of Manufacturers, Importers and Wholesalers

Non-Retail Enforcement is responsible for the enforcement of state liquor laws and regulations that impact 3,915 non-retail licensees, including in-state and out-of-state entities that produce, import, and distribute alcohol in Washington State. The state is a major wine producer with more than 640 licensed wineries.

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Account	FY 2012	FY 2013	Biennial Total
FTE	8.9	9.0	9.0
501 Liquor Revolving Account			
501-1 State	\$885,000	\$893,000	\$1,778,000

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results

Non-Retail Enforcement works closely with over 2,500 manufacturers and distributors of liquor product. Officers educate the different licensees on the responsible tax reporting and the distribution of liquor products to retailers and consumers. The Non-Retail Unit investigates complaints in regards to over service, minors, money worth issues and investigates price listing by manufacturers and distributors in regards to uniform pricing. Uniform pricing prevents the undercutting of competition, therefore keeping the alcoholic beverages from being purchased too low.

A012 State Liquor Store Operations

The purpose of state liquor stores is the controlled distribution of products sought by qualified customers. Store personnel are trained to identify and deny sale to underage or intoxicated customers. Store managers place weekly orders to replenish store inventory; they also schedule part-time help to manage fluctuating volumes of sales. Supporting functions also include strategic planning, store remodels and maintenance, store site selection, negotiation of leases, and supervision of state liquor stores.

Account	FY 2012	FY 2013	Biennial Total
FTE	906.2	940.0	923.1
501 Liquor Revolving Account			
501-1 State	\$57,206,000	\$57,716,000	\$114,922,000
501-6 Non-Appropriated	\$35,210,000	\$43,982,000	\$79,192,000
501 Account Total	\$92,416,000	\$101,698,000	\$194,114,000

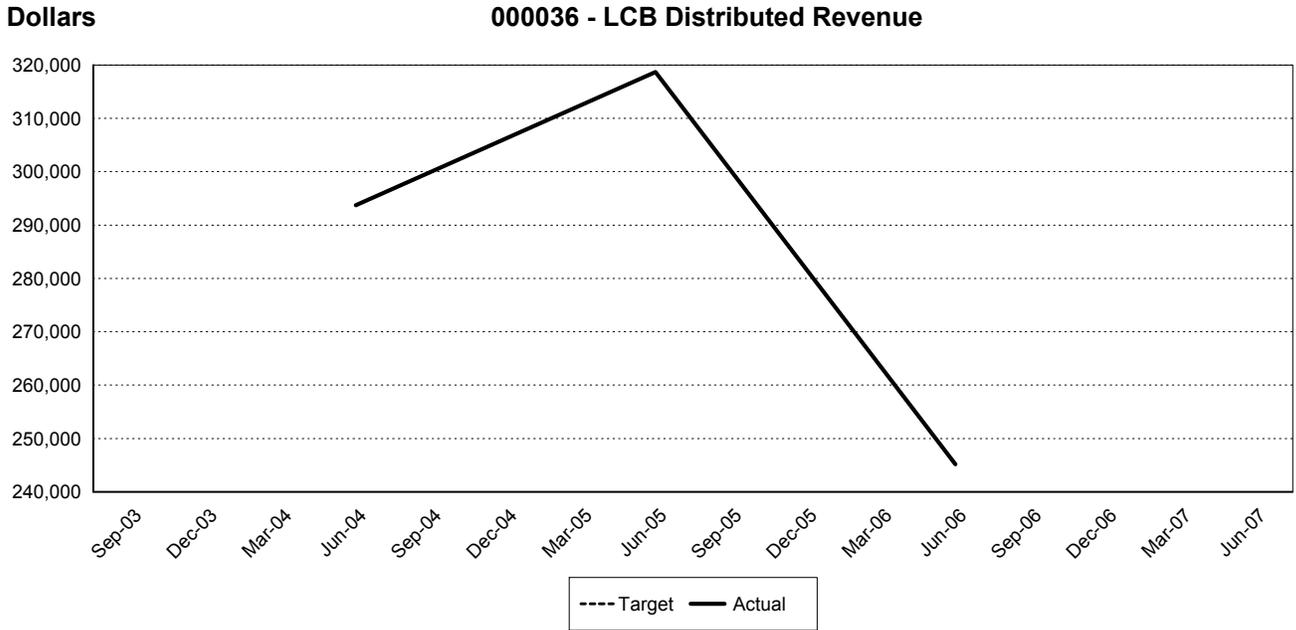
Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Safeguard and manage public funds

Expected Results

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State store sales are approximately \$682 million per year. Distributions returned to the state from Liquor Control Board activities are expected to realize approximately \$337 million per year. Current tax revenues produced are approximately \$185 million per year. Stores manage inventory valued at \$63 million. Over 47 million bottles of liquor and wine are sold annually through the state's 161 store. Additionally, five new stores are expected to open, bringing the total number of state stores to 166.



A014 Tobacco Tax Enforcement

Liquor and tobacco agents enforce state tax laws and applicable federal statutes related to cigarettes and other tobacco products to promote voluntary compliance and increase excise tax collections. Liquor and tobacco agents work to ensure that excise taxes are collected because revenue is lost to the state each year due to tax evasion on cigarette and tobacco products.

Account	FY 2012	FY 2013	Biennial Total
FTE	9.3	8.3	8.8
141 Federal Seizure Account			
141-6 Non-Appropriated	\$21,000	\$21,000	\$42,000
001 General Fund			
001-2 Federal	\$120,000	\$0	\$120,000
501 Liquor Revolving Account			
501-1 State	\$524,000	\$543,000	\$1,067,000

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Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

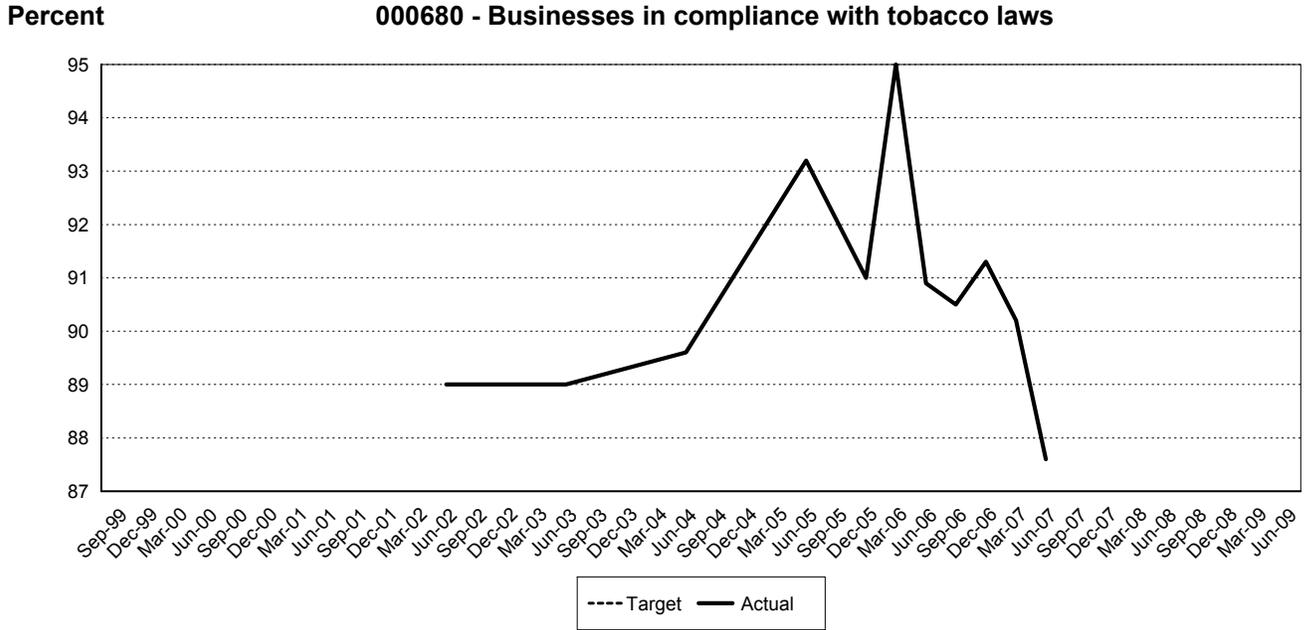
Statewide Strategy: Safeguard and manage public funds

Expected Results

Liquor and Tobacco Enforcement Officers conduct random, unannounced inspections of licensed wholesale and retail businesses in order to encourage voluntary compliance with the tobacco tax laws. While these inspections ensure compliance with the tax laws, they also detect and remove products which fail to carry the U.S. Surgeon General's warning, have not successfully complied with requirements of the Master Settlement Agreement, or are either themselves counterfeit or bear counterfeit state tax indicia. The officers educate new licensees and others on the tax requirements or restrictions on sales placed on cigarettes and other tobacco products, which results in the successful collection of taxes and reduced illegal sales. In addition, the officers investigate complaints of non-licensed businesses selling illegal product. Another major function is conducting investigations that result in interdictions of in-bound shipments of untaxed cigarettes. Many of these investigations escalate into complex organized crime cases which require the involvement of federal agencies since products are being moved across state lines or originate at locations beyond the agency's jurisdiction. Major criminal investigations are still underway involving several large trafficking operations.

000680 Percentage of licensed businesses in compliance with laws prohibiting tobacco sales to persons under age 18.*			
Biennium	Period	Actual	Target
2007-09	Q8		
	Q7		
	Q6		
	Q5		
	Q4		
	Q3		
	Q2		
	Q1		

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A015 Youth Access to Tobacco

The Enforcement and Education division oversees state compliance of the federal law mandating states to restrict the sale of tobacco products to persons under 18 years of age. The Division is responsible for conducting tobacco premise inspections, investigating complaints against tobacco licensees, and conducting random compliance checks on tobacco licensees. This activity is funded through an interagency agreement with the Department of Health.

Account	FY 2012	FY 2013	Biennial Total
501 Liquor Revolving Account			
501-1 State	\$208,000	\$208,000	\$416,000

Statewide Result Area: Improve the health of Washingtonians

Statewide Strategy: Increase healthy behaviors

Expected Results

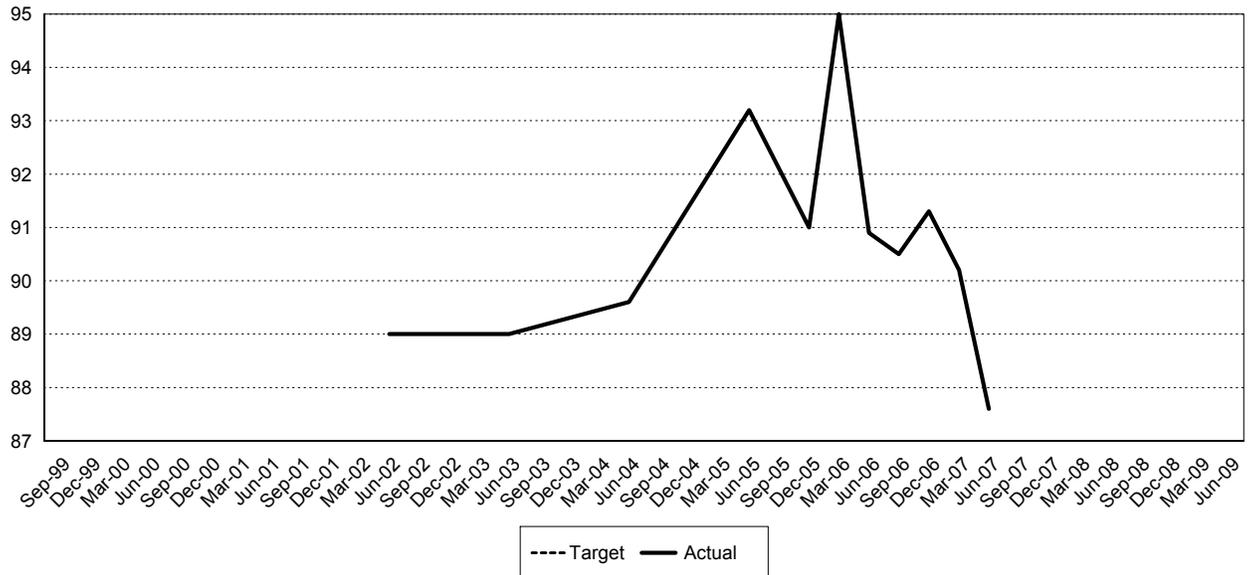
Each biennium, Liquor and Tobacco Officers will conduct over 30,000 tobacco premise inspections that increase licensee compliance with state liquor and tobacco laws. These officers will annually conduct over 3,000 random tobacco compliance checks, which are effective in increasing licensee compliance on laws restricting youth access to tobacco products. Liquor and Tobacco Officers will provide internet based and personalized training to approximately 7,000 tobacco licensees/employees yearly to educate store clerks on how to check identification and alert them of the consequences of selling tobacco to persons under age 18. The Liquor Control Board also is responsible for regulating tobacco sampling. The officers conduct several unannounced random inspections at sampling events in the state to prevent tobacco access to persons under 18 years of age.

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000680 Percentage of licensed businesses in compliance with laws prohibiting tobacco sales to persons under age 18.*			
Biennium	Period	Actual	Target
2007-09	Q8		
	Q7		
	Q6		
	Q5		
	Q4		
	Q3		
	Q2		
	Q1		

Percent

000680 - Businesses in compliance with tobacco laws



Grand Total

	FY 2012	FY 2013	Biennial Total
FTE's	1,278.5	1,309.4	1,294.0
GFS	\$0	\$0	\$0
Other	\$143,230,000	\$153,096,000	\$296,326,000
Total	\$143,230,000	\$153,096,000	\$296,326,000

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<u>Parameter</u>	<u>Entered As</u>
Budget Period	2011-13
Agency	195
Version	2C - Enacted Recast
Result Area	All Result Areas
Activity	All Activities
Program	All Programs
Sub Program	All Sub Programs
Account	All Accounts
Expenditure Authority Type	All Expenditure Authority Types
Theme	All
Sort By	Activity
Display All Account Types	Yes
Include Policy Level	Yes
Include Activity Description	Yes
Include Statewide Result Area	Yes
Include Statewide Strategy	Yes
Include Expected Results Text	Yes
Include Charts	Yes
Chart Type	Line
Include Parameter Selections	Yes
Version Source	OFM