

FISCAL NOTE

Bill #: HB348

Title: Revise liquor store laws -- percentage of liquor store commission

Primary

Sponsor: Jim Shockley

Status: Final Bill

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Revenue:		
General Fund		\$(288,608)
Commissions (liquor stores)		\$288,608
Net Impact on General Fund Balance:		\$(288,608)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. Under current law, agency liquor stores receive commissions paid by the state. Generally, stores in communities with less than 3,000 population receive a commission rate of 10%; and stores in communities with 3,000 or more population receive a commission rate established through a competitive bidding process. Under certain circumstances, these commission rates may be adjusted per the requirements established in 16-2-101(6) and (8), MCA.
2. Under this proposal, agency liquor stores commission rates are increased above current law rates based upon the annual volume of sales by agency liquor stores. Agency liquor stores with a volume of sales less than \$500,000 would receive an additional commission of 1.25% beginning July 1, 2002, 1.25% beginning July 1, 2003, and 1.5% beginning July 1, 2004. Agency liquor stores with a volume of

(continued)

sales greater than or equal to \$500,000 would receive an additional commission of 0.125% beginning July 1, 2002, 0.5% beginning July 1, 2003, and 0.875% beginning July 1, 2004. Table 1 shows the additional commission rates and the effective date for these rates under this proposal.

Table 1 Additional Commission Rates Under this Proposal		
Additional Commission Rates		
-----Sales-----		
<\$500,000	>=\$500,000	Effective Date
1.250%	0.125%	July 1, 2002
1.250%	0.500%	July 1, 2003
1.500%	0.875%	July 1, 2004

- Under this proposal, revenue to the *general fund would decrease* by \$288,608 in fiscal 2003. The agency liquor stores *commissions will increase* by \$288,608 in fiscal 2003.
- The above impacts in assumption #3 are calculated using fiscal 2000 commissions as a base. Under this proposal gross liquor sales general fund revenue estimates under current law are used to calculate the impacts in assumption three. The gross sales and commissions under current law for fiscal years 2005 and 2006 are held fixed at the fiscal 2004 level.

FISCAL IMPACT:Revenues:

General Fund (01)
Commissions (liquor stores) (02)

FY2002
Difference

FY2003
Difference
\$(288,608)
\$288,608

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)
Commissions (liquor stores) (02)

\$(288,608)
\$288,608

LONG-RANGE IMPACTS:

Under this proposal, revenue reductions to the state general fund will continue in succeeding fiscal years, and agency liquor store commissions will continue to *increase*, as long as gross sales continue to increase. Table 2 shows the revenue impacts under this proposal to the agency liquor stores with volume of sales less than \$500,000, agency liquor stores with volume of sales greater than or equal to \$500,000, and the state general fund through fiscal year 2006.

Table 2 Revenue Impacts under this Proposal					
-----Commissions-----					
Year	Stores with Volume Of Sales		Total	General Fund	
	<\$500,000	>=\$500,000			
FY2003	\$ 226,428	\$ 62,180	\$ 288,608	\$	(288,608)
FY2004	\$ 239,326	\$ 262,885	\$ 502,211	\$	(502,211)
FY2005	\$ 287,191	\$ 460,049	\$ 747,240	\$	(747,240)
FY2006	\$ 287,191	\$ 460,049	\$ 747,240	\$	(747,240)

TECHNICAL NOTES:

1. Section 1, 16-2-101(4)(b)(III), MCA, is not explicit and/or clear in its intentions.