



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

**Bill #** HB0058

**Title:** Creating a brew on-premises license

**Primary Sponsor:** Noonan, Pat

**Status:** As Amended in House Committee

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other (Enterprise)	\$200	\$100	\$100	\$100
<b>Revenue:</b>				
General Fund	\$200	\$100	\$100	\$100
Other (Enterprise)	\$200	\$100	\$100	\$100
<b>Net Impact-General Fund Balance:</b>	<u>\$200</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>

**Description of fiscal impact:** HB 58 creates a “brew on-premises” license to a person who provides brewing facilities to members of the public for the private manufacture of beer and malt beverages on the licensed premises. The initial license fee is \$40, and the annual renewal license fee is \$20.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill creates a “brew-on premises” license which the Department of Revenue (DOR) may issue to a person who provides brewing facilities to members of the public for the purpose of manufacturing beer and malt beverages for their own personal or family use.
2. The proposed fee for the “brew on-premises” license is \$40 for the initial year and \$20 per year to renew. The DOR estimates the number of businesses that will seek licensure will be minimal (no more than 5). Under this assumption, additional revenue generated in FY 2014 is \$200 and \$100 per year thereafter.

3. The revenue generated by the “brew on-premises” license fee is assumed to be deposited to the liquor enterprise fund (see technical note), which is used to pay for the expenses of operating the liquor warehouse and licensing operations. At the end of the fiscal year, net proceeds of the liquor enterprise fund must be transferred to the general fund.
4. The DOR estimates that the additional workload of administering the new license will be minimal due to the expected number of applicants and would be completed using existing staff and resources.
5. The licensee and those persons using the brew on-premises facility must comply with all relevant federal regulations and state laws including those regarding the percentage of alcohol allowed in beer and malt beverages.
6. Beer and malt beverages produced at the licensed facility may not be consumed on-premises and may not be sold to the general public.
7. Total production for the person using the brew on-premises facility may not exceed 200 gallons per year if there are two or more adults, age 21 and older, in the household, or 100 gallons per year if there is one adult 21 years or older in the household.
8. The licensee must keep records regarding all persons using the facilities. These records must include the quantity of beer or malt beverages produced by each individual during the calendar year and the number of persons age 21 or older residing in the individual’s household. These records must be available for inspection by an authorized inspector of the DOR or the Department of Justice during the facility’s business hours.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Transfers (To GF)	\$200	\$100	\$100	\$100
<b>TOTAL Expenditures</b>	<u>\$200</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<b><u>Funding of Expenditures:</u></b>				
Other (Enterprise)	\$200	\$100	\$100	\$100
<b>TOTAL Funding of Exp.</b>	<u>\$200</u>	<u>\$100</u>	<u>\$100</u>	<u>\$100</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$200	\$100	\$100	\$100
Other (Enterprise)	\$200	\$100	\$100	\$100
<b>TOTAL Revenues</b>	<u>\$400</u>	<u>\$200</u>	<u>\$200</u>	<u>\$200</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$200	\$100	\$100	\$100
Other (Enterprise)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. HB 58 creates a new type of license fee, but does not specify where the fee is to be deposited. Most fees are deposited to the liquor enterprise fund. 16-4-501, MCA, lists several different types of fees, and subsection 14 directs the license and permit fees to be deposited to the liquor enterprise fund.

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*Sponsor’s Initials*

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*Date*

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*Budget Director’s Initials*

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*Date*