



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	HB0204
---------------	--------

<b>Title:</b>	Authorize boutique beer or wine license with option for tasting events
---------------	--

<b>Primary Sponsor:</b>	Clark, Christy
-------------------------	----------------

<b>Status:</b>	As Introduced
----------------	---------------

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> 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)	\$29,450	\$17,750	\$17,750	\$17,750
<b>Revenue:</b>				
General Fund (Transfers in)	(\$11,700)	\$17,750	\$17,750	\$17,750
Other (Enterprise)	\$17,750	\$17,750	\$17,750	\$17,750
<b>Net Impact-General Fund Balance:</b>	<u>(\$11,700)</u>	<u>\$17,750</u>	<u>\$17,750</u>	<u>\$17,750</u>

**Description of fiscal impact:** HB 204 authorizes a boutique beer or wine license for the off-premise consumption of beer or wine at a specialty shop. The bill also allows the licensee to apply for tasting event permits. The Department of Revenue estimates an initial \$11,700 loss in revenue in FY 2014 and an increase of \$17,750 in revenue for each year after.

### FISCAL ANALYSIS

#### Assumptions:

1. This bill authorizes a boutique beer or wine license for the off-premise consumption of beer or wine at a specialty shop. The licensing fee is \$200 for a boutique beer license, \$200 for a boutique wine license, and \$400 for a boutique beer and wine license. There is no limit on the number of boutique licenses that may be issued.
2. The bill specifies that a specialty retail shop may not have more than \$3,000 worth of food items in its inventory and may only operate between 9 a.m. to 9 p.m. unless holding a tasting event. The specialty retail

- shop may be located in a retail shop including grocery stores or drugstores licensed as a pharmacy if separated by permanent, floor-to-ceiling walls that enclose an area that may be locked when not in use.
3. HB 204 allows existing beer or wine off-premise consumption licenses to be converted to a boutique license are exempt from background checks, unless the applicant has been notified of license problems or the applicant's floor plan has changed.
  4. HB 204 allows the licensee to apply for tasting event permits. There is an annual fee of \$50 which allows for 12 tasting events in a calendar year. The serving size is limited to 1 ounce, not to exceed 10 servings. The licensee is required to post the permit on the premises with the dates of tasting events listed on the permit and must notify local law enforcement of the tasting event. Failure to post the permit and include the date of the tasting event is punishable by \$500 fine for the first offense.
  5. The Liquor Control Division anticipates that 15-30 existing beer or wine off-premise consumption licenses may convert to a boutique license. The assumption is that the majority of these licensees will also apply for the tasting permit. Therefore estimated revenue from this is \$1,100 (assuming 22 permits \* \$50) per fiscal year.
  6. The Liquor Control Division estimates an additional 30-45 new applications for a boutique license, and that the majority will choose to apply for the combined boutique beer and wine license in addition to the tasting permit. Assuming there are 37 new applications, estimated revenue from this is \$16,650 per fiscal year (37 licenses \* (\$400 license fee + \$50 permit fee)).
  7. To administer this new license will require updating two IT systems (GenTax and One-Stop Licensing). This includes 220 hours of development time at a cost of \$25,500, 65 hours of system implementation time at a cost of \$1,950, and a new license form to be added at a cost of \$2,000. The system implementation and form costs will be expenses of the Liquor Enterprise Fund.
  8. Liquor licensing revenue is initially deposited in the Liquor Enterprise Fund and the net proceeds after operating expenses are transferred to the general fund. Therefore, there is an estimated \$11,700 net decrease in general fund revenue in FY 2014. For each fiscal year after there is an increase in revenue of \$17,750.

	<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>				
Operating Expenses	\$29,450	\$0	\$0	\$0
Transfers (To GF)	(\$11,700)	\$17,750	\$17,750	\$17,750
<b>TOTAL Expenditures</b>	<u>\$17,750</u>	<u>\$17,750</u>	<u>\$17,750</u>	<u>\$17,750</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Enterprise)	\$17,750	\$17,750	\$17,750	\$17,750
<b>TOTAL Funding of Exp.</b>	<u>\$17,750</u>	<u>\$17,750</u>	<u>\$17,750</u>	<u>\$17,750</u>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$11,700)	\$17,750	\$17,750	\$17,750
Other (Enterprise)	\$17,750	\$17,750	\$17,750	\$17,750
<b>TOTAL Revenues</b>	<u>\$6,050</u>	<u>\$35,500</u>	<u>\$35,500</u>	<u>\$35,500</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$11,700)	\$17,750	\$17,750	\$17,750
Other (Enterprise)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. The reference to 16-4-401 in section 1(2)(c) are criteria for the applicant/licensee, not for the premises themselves to which the bill makes reference.

\_\_\_\_\_  
*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*