



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0405

Title: Generally revise state liquor control and enforcement laws

Primary Sponsor: Hagan, Roger A

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>
Expenditures:				
General Fund	\$55,340	\$52,396	\$53,365	\$54,353
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$55,340)</u>	<u>(\$52,396)</u>	<u>(\$53,365)</u>	<u>(\$54,353)</u>

Description of fiscal impact: This bill requires the Department of Revenue to enforce consumption-related violations and restricts the current ability of some licensees to sell liquor, beer, and wine. The department estimates an additional 0.50 FTE will be required to provide consumption-related enforcement and resolve litigation with licensees.

FISCAL ANALYSIS

Assumptions:

1. The Liquor Control Division estimates requiring an additional 0.50 FTE of legal services to comply with the additional duty of the department to enforce civil violations, as well as, to resolve potential litigation associated with affected licensees.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$45,424	\$45,424	\$46,288	\$47,171
Operating Expenses	\$6,647	\$6,972	\$7,077	\$7,182
Equipment	\$3,269	\$0	\$0	\$0
TOTAL Expenditures	\$55,340	\$52,396	\$53,365	\$54,353
<u>Funding of Expenditures:</u>				
General Fund (01)	\$55,340	\$52,396	\$53,365	\$54,353
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$55,340)	(\$52,396)	(\$53,365)	(\$54,353)

Technical Concerns:

1. As written, page 2, lines 17-18, would prevent all-beverages licensees and city beer or beer/wine licensees from operating restaurants.
2. This bill, as amended, provides a new definition of bottle club as a commercial enterprise that is open to the public, is not licensed or permitted for the sale of alcohol, and allows on-premises consumption of alcohol with or without consideration. The definition of bottle club would not include other organizations such as associations, semi-commercial groups or fraternal groups. They would be exempt as the definition only applies to "commercial enterprises".
3. This bill still lacks an enforcement mechanism for the civil penalties.
4. Section 2 sets forth penalties but is unclear who the penalties would be enforced against.
5. This bill would seek to add to the powers and duties of the department the "consumption" of alcoholic beverages by both licensed and unlicensed persons. There does not appear to be a specific provision in the bill added for any consumption-related violation against non-licensed persons, however, but there could be some confusion over whether criminal violations in other parts of the law (such as "MIP" violations) are supposed to be enforced by the department (which is not a law enforcement agency) or by law enforcement agencies. It is not clear whether the bill is assigning to the department enforcement duties against non-licensees.

Sponsor's Initials

Date

Budget Director's Initials

Date