



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	SB0126
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Title:	Allow distillery to obtain permits to sell liquor at special event premises
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Primary Sponsor:	Sesso, Jon C
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Status:	As Introduced
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| <input type="checkbox"/> Significant Local Gov Impact | <input 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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other (Enterprise)	\$20,200	\$720	\$720	\$720
Revenue:				
General Fund (Transfer In)	(\$18,780)	\$720	\$720	\$720
Other (Enterprise)	\$720	\$720	\$720	\$720
Net Impact-General Fund Balance:	(\$18,780)	\$720	\$720	\$720

Description of fiscal impact: SB 126 allows for a domestic distillery to receive up to 12 special event permits during the calendar year. There is an estimated \$18,780 decrease in general fund revenue in FY 2014 and an estimated \$720 annual increase in revenue for each fiscal year thereafter.

FISCAL ANALYSIS

Assumptions:

1. SB 126 allows for a domestic distillery to receive up to 12 special event permits during the calendar year.
2. A special event permit allows the removal of liquor produced at the distillery for a 24-hour period of sale at a special event. The distillery may provide 2 ounces of liquor to the consumers for consumption at the event and consumption can only take place between 10am-8pm. The distillery may also sell up to 1.75 liters of liquor directly to the consumer for off-premise consumption at the minimum retail price.
3. Each special event permit is \$10 and must be presented to the Department of Revenue with an application three days prior to the special event. The application must describe the location and nature of the special event.

4. Currently there are 12 Montana distilleries for a maximum of 144 special event permits issued per year. This fiscal note assumes that half of these permits are issued for an estimated revenue increase of \$720 (72*\$10). The permit revenue is received in the liquor enterprise fund and net profits from the liquor enterprise fund are transferred to the general fund.
5. To administer this new license will require updating IT systems (GenTax). This includes 120 hours of development time at a cost of \$18,000 and 50 hours of system implementation time at a cost of \$1,500.
6. Therefore, the total fiscal impact is an estimated \$18,780 net decrease to general fund revenue in FY 2014. For each fiscal year after there will be an estimated increase in revenue of \$720.
7. This bill is effective on passage and approval.

	<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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$19,500	\$0	\$0	\$0
Transfers (to GF)	\$720	\$720	\$720	\$720
TOTAL Expenditures	<u>\$20,220</u>	<u>\$720</u>	<u>\$720</u>	<u>\$720</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Enterprise)	\$20,200	\$720	\$720	\$720
TOTAL Funding of Exp.	<u>\$20,200</u>	<u>\$720</u>	<u>\$720</u>	<u>\$720</u>
<u>Revenues:</u>				
General Fund (01 Transfer In)	(\$18,780)	\$720	\$720	\$720
Other (Enterprise)	\$720	\$720	\$720	\$720
TOTAL Revenues	<u>(\$18,060)</u>	<u>\$1,440</u>	<u>\$1,440</u>	<u>\$1,440</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$18,780)	\$720	\$720	\$720
Other (Enterprise)	(\$19,480)	\$0	\$0	\$0

Technical Notes:

1. A “special event” is defined in 16-1-106, MCA but the definition is specific to beer and wine special permits. There is not a definition for a “special event” relating to distilleries.

Sponsor’s Initials

Date

Budget Director’s Initials

Date