



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # HB0326

Title: Generally revise alcohol laws related to brewers

Primary Sponsor: Noonan, Pat

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input 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 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 326 allows brewers to own a retail license and retail licensees to hold a brewers license. This bill increases the number of barrels allowed to be produced by a small brewery from 10,000 to 60,000. There is no estimated fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

1. HB 326 allows a licensed brewer that manufactures less than 60,000 barrels of beer per year to obtain a retail on-premise all-beverage license or a retail on-premise beer license. HB 326 also allows a retail on-premise all-beverage license holder or a retail on-premise beer license holder to obtain a brewer's license.
2. A person that holds both license types may hold an unlimited amount of additional brewer licenses or up to two additional retail licenses. If production eventually surpasses 60,000 barrels per year, the license holder is allowed to continue to operate both licenses. All retail sales are to be made through the retail license.
3. HB 326 amends the production limits of a "small brewery" from an annual nationwide production between 100 and 10,000 barrels to an annual nationwide production between 100 and 60,000 barrels. Breweries with annual nationwide production between 10,000 and 60,000 barrels may now have a sample room but this bill

limits on-premise consumption to 500 barrels annually. Breweries with annual nationwide production between 100 and 10,000 barrels are not subject to this limitation.

4. It is unknown to the department how many breweries would choose to purchase a retail license. However, most breweries are in areas that are subject to the quota system and would have to purchase a retail license from another license holder. Therefore, it is assumed there will be no fiscal impact to state revenue.
5. It is unknown to the department how many on-premise all-beverage and on-premise beer license holders would choose to purchase a brewery license. An original brewery license fee is \$500 with an annual renewal fee of \$200-\$500 depending on production level (16-4-501, MCA). If a license holder decides to obtain a brewery license, there will be a small impact to state revenue. For fiscal note purposes, it is assumed there will be no impact to state revenue.
6. Changes to the department's computer systems will need to be made. These costs will be minimal to the department and will be absorbed within the existing budget.
7. HB 326 requires applications for a brewer's license to be published which allows for public comment prior to approval or denial of the application. This specific section of the bill is effective January 1, 2017. The remainder of the bill is effective July 1, 2015.

Sponsor's Initials

Date

Budget Director's Initials

Date