



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0619	<b>Title:</b>	Revise restaurant beer and wine license laws
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<b>Primary Sponsor:</b>	Eck, Jennifer	<b>Status:</b>	As Introduced
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- 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 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$42,429	\$39,500	\$40,044	\$40,598
Other	\$95,400	\$100,600	\$105,800	\$76,000
<b>Revenue:</b>				
General Fund	\$95,400	\$100,600	\$105,800	\$76,000
Other	\$95,400	\$100,600	\$105,800	\$76,000
<b>Net Impact-General Fund Balance:</b>	<u>\$52,971</u>	<u>\$61,100</u>	<u>\$65,756</u>	<u>\$35,402</u>

**Description of fiscal impact:** HB 619 phases out the quota system for Restaurant Beer and Wine (RBW) licenses by requiring issuance of new licenses each year for over-quota areas until there is no longer demand to put those new licenses into use.

### FISCAL ANALYSIS

#### Assumptions:

1. Current law restricts the number of restaurant beer and wine (RBW) licenses a city may have based on the population of their quota area.
2. HB 619 phases out this quota system for RBW licenses by requiring issuance of new licenses each year for over-quota areas until there is no longer demand to put those new licenses into use.
3. If a quota area has not already met the quota for RBW licenses, then that quota area is no longer subject to the population-based quota.

4. If a quota area has already met or exceeded the quota, new licenses are issued until there is no longer a demand. At this point, the quota area is no longer subject to the population-based quota. New licenses are issued as follows:
  - a. Quota areas with a population less than 20,000 – 1 new license per calendar year
  - b. Quota areas with a population greater than 20,000 – 2 new licenses per calendar year
5. License fees for RBW licenses include an annual fee of \$400, a one-time processing fee of \$400, and a one-time application fee based on seating capacity. The seating capacity fee is \$5,000 for restaurants with a seating capacity of 60 persons or less, \$10,000 for restaurants with a seating capacity of 61-100 persons, and \$20,000 for restaurants with a seating capacity greater than 100 persons.
6. There are 9 quota areas that have met or exceeded the quota. Four quota areas have a population greater than 20,000. Two of those four have an average seating capacity 61-100 and the other two have an average seating capacity of 60 or less. Therefore, the average total fee for a new license for quota areas with a population greater than 20,000 is \$8,300. This fiscal note assumes there will be demand for these licenses through FY 2019.
7. The five quota areas that have a population less than 20,000 all have an average seating capacity of less than 60. Therefore, the average total fee for a new license for quota areas less than 20,000 is \$5,800. This fiscal note assumes there will be demand for these licenses through CY 2017.
8. HB 619 is effective July 1, 2015. It is assumed revenue will be collected in the second half of the calendar year. For example, additional licenses sold in CY 2016 will be collected in FY 2017. The following table shows the increase in revenue from additional RBW licenses by fiscal year. Revenue includes the processing fee and application fee based on seating capacity (both one-time fees) and the annual fee.

<b>Revenue From Additional RBW Licenses</b>							
<u>Quota Population</u>	<u>Quota Areas</u>	<u>Licenses</u>	<u>Average Fee</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
>20,000	4	2	\$8,300	\$66,400	\$69,600	\$72,800	\$76,000
<20,000	5	1	\$5,800	\$29,000	\$31,000	\$33,000	\$0
<b>Total</b>				<b>\$95,400</b>	<b>\$100,600</b>	<b>\$105,800</b>	<b>\$76,000</b>

9. Revenue from license fees is initially deposited in the Liquor Enterprise Fund. Net profits are transferred to the general fund.
10. The department would need 0.5 additional FTE to administer HB 619. Additional work for the department includes publishing the availability of new licenses, administering lottery proceedings, and processing applications.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.50	0.50	0.50	0.50
<b><u>Expenditures:</u></b>				
Personal Services	\$32,796	\$32,796	\$33,239	\$33,691
Operating Expenses	\$9,633	\$6,704	\$6,805	\$6,907
Transfers	\$95,400	\$100,600	\$105,800	\$76,000
<b>TOTAL Expenditures</b>	<b>\$137,829</b>	<b>\$140,100</b>	<b>\$145,844</b>	<b>\$116,598</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$42,429	\$39,500	\$40,044	\$40,598
Other	\$95,400	\$100,600	\$105,800	\$76,000
<b>TOTAL Funding of Exp.</b>	<b>\$137,829</b>	<b>\$140,100</b>	<b>\$145,844</b>	<b>\$116,598</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$95,400	\$100,600	\$105,800	\$76,000
Other	\$95,400	\$100,600	\$105,800	\$76,000
<b>TOTAL Revenues</b>	<b>\$190,800</b>	<b>\$201,200</b>	<b>\$211,600</b>	<b>\$152,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$52,971	\$61,100	\$65,756	\$35,402
Other	\$0	\$0	\$0	\$0

**Technical Notes:**

1. An amendment could be considered for 16-4-420(9)(a), MCA which requires the department to advertise the availability of a license when one is lapsed or revoked. This is no longer necessary in areas that would no longer be subject to the populated-based quota system.

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Sponsor's Initials

\_\_\_\_\_  
Date

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

\_\_\_\_\_  
Date