



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0625	Title:	Create special event permit for certain wine sales
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Primary Sponsor:	Tschida, Brad	Status:	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 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$75,715	\$225,203	\$222,993	\$226,710
Other	\$600,000	\$800,000	\$400,000	\$400,000
Revenue:				
General Fund	\$600,000	\$800,000	\$400,000	\$400,000
Other	\$600,000	\$800,000	\$400,000	\$400,000
Net Impact-General Fund Balance:	<u>\$524,285</u>	<u>\$574,797</u>	<u>\$177,007</u>	<u>\$173,290</u>

Description of fiscal impact: HB 625 allows certain entities to apply for a wine-only special permit for on-premise consumption. This bill is estimated to increase revenue to the general fund.

FISCAL ANALYSIS

Assumptions:

1. HB 625 creates a wine-only special permit for on-premise consumption for certain entities. These entities must earn at least 90 percent of its revenue from: tourism, cultural, historical, artistic, or education operations (to be defined by the department by administrative rule); a bed and breakfast; or a day spa.
2. The fee for the permit is to be determined by the department by administrative rule. Although this is a special permit, the permit holder can sell wine all year. These guidelines appear to be more similar to a beer/wine licensee than a typical special permit which is associated with short, infrequent events. Therefore, this fee would likely be set at a similar rate to a beer/wine retailer license which is \$200 annually and include the department proposing to have background inspections and premise inspections completed prior to approval.

3. The department would also charge a one-time processing fee. The current processing fee for beer/wine retailer licensees is \$400.
4. The Liquor Control Division is anticipating more than 4,000 businesses could potentially seek the permit. This fiscal note assumes 2,000 businesses would actually apply for the permit.
5. HB 625 is effective October 1, 2015. Assuming 1,000 applicants apply in the first year and 1,000 apply in the second year, there would be an increase in revenue of \$600,000 in FY 2016, \$800,000 in FY 2017, \$400,000 in FY 2018, and \$400,000 in FY 2019. Revenue from an increase in liquor fees is initially deposited in the Liquor Enterprise Fund. Net profits are transferred to the general fund.
6. The Liquor Control Division would require a management analyst to oversee rule development. The increased rule making would be met by hiring a temporary FTE to cover the shift in workload. This is a one-time cost of \$73,215 in FY 2016. In FY 2017 and beyond, the Liquor Control Division would require an additional 3 FTE as compliance specialists needed to process applications, renewals, and ensure compliance. This is a cost of \$225,203 in FY 2017, \$222,993 in FY 2018, and \$226,710 in FY 2019.
7. HB 625 also requires the creation of a new application form. This would be a one-time cost of \$2,500 in FY 2016.

	<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>
<u>Fiscal Impact:</u>				
FTE	0.00	3.00	3.00	3.00
<u>Expenditures:</u>				
Personal Services	\$63,582	\$199,233	\$202,578	\$205,989
Operating Expenses	\$12,133	\$25,970	\$20,415	\$20,721
Transfers	\$600,000	\$800,000	\$400,000	\$400,000
TOTAL Expenditures	<u>\$675,715</u>	<u>\$1,025,203</u>	<u>\$622,993</u>	<u>\$626,710</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$75,715	\$225,203	\$222,993	\$226,710
Other	\$600,000	\$800,000	\$400,000	\$400,000
TOTAL Funding of Exp.	<u>\$675,715</u>	<u>\$1,025,203</u>	<u>\$622,993</u>	<u>\$626,710</u>
<u>Revenues:</u>				
General Fund (01)	\$600,000	\$800,000	\$400,000	\$400,000
Other	\$600,000	\$800,000	\$400,000	\$400,000
TOTAL Revenues	<u>\$1,200,000</u>	<u>\$1,600,000</u>	<u>\$800,000</u>	<u>\$800,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$524,285	\$574,797	\$177,007	\$173,290
Other	\$0	\$0	\$0	\$0

Technical Notes:

1. Current statute does not permit the department to issue violations to holders of a special permit. Amendments could be considered to allow the department to issue violations, suspensions, or revocations if the permit holder does not follow the code or rules.
2. These entities with a special permit would be required to purchase wine from other licensed retailers for use at their establishment. Table wine distributors are only allowed to deliver/sell to licensees, not holders of a special permit.

Sponsor's Initials

Date

Budget Director's Initials

Date