



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill#: SB0320

Title: Generally revise business law pertaining to alcohol delivery

Primary Sponsor: Boldman, Ellie

Status: As Introduced

- 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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$800,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$69,185)	(\$67,486)	(\$68,609)	(\$69,749)
State Special Revenue	\$18,000	\$18,000	\$18,000	\$18,000
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$869,185)</u>	<u>(\$67,486)</u>	<u>(\$68,609)</u>	<u>(\$69,749)</u>

Description of fiscal impact: SB 320 creates two new license types under the alcoholic beverage control division; an alcohol delivery service license and an alcohol delivery driver license. These licenses allow for home delivery of alcoholic beverages. The Department of Revenue is given authority to set application and annual renewal fees.

FISCAL ANALYSIS

Assumptions:

1. There will be an estimated 20 delivery services in the state.
2. Each delivery service will employ ten drivers each.
3. The Department of Revenue will require 1.0 ongoing FTE compliance specialist to process applications, ensure compliance, and audit records of the licensed alcohol delivery services and drivers.
4. Licensing fees will be set by the department to partially offset this FTE cost.
5. Preliminary fee proposals from the department are \$400 for the alcohol delivery service license and \$50 per alcohol delivery driver license. The department has rule making authority to adjust these fees.
6. An estimated \$8,000 is raised from the delivery service license fees.
7. An estimated \$10,000 is raised from the delivery driver license fees.

8. Total projected revenue for the liquor enterprise fund is \$18,000 annually.
9. Associated administrative expenses are deducted from the Liquor Enterprise Fund. As fund balance in the Liquor Enterprise Fund is transferred to the general fund at the end of each fiscal year, the costs indirectly reduce general fund collections.
10. There is a one-time cost of \$400,000 per license type for programming and implementation into the integrated tax system.

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$76,518	\$77,477	\$78,449	\$79,435
Operating Expenses	\$810,667	\$8,009	\$8,160	\$8,314
Transfers to General Fund	(\$87,185)	(\$85,486)	(\$86,609)	(\$87,749)
TOTAL Expenditures	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$800,000	\$0	\$0	\$0
Liquor Enterprise Fund	\$87,185	\$85,486	\$86,609	\$87,749
Liquor Enterprise Fund (transf)	(\$87,185)	(\$85,486)	(\$86,609)	(\$87,749)
TOTAL Funding of Exp.	<u>\$800,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$87,185)	(\$85,486)	(\$86,609)	(\$87,749)
Liquor Enterprise Fund	\$18,000	\$18,000	\$18,000	\$18,000
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>(\$69,185)</u>	<u>(\$67,486)</u>	<u>(\$68,609)</u>	<u>(\$69,749)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$869,185)	(\$67,486)	(\$68,609)	(\$69,749)
State Special Revenue (02)	(\$69,185)	(\$67,486)	(\$68,609)	(\$69,749)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. New Section, Section 1 does not contemplate if delivery drivers need to be licensed by the department, however Section 5 and Section 6 of the bill explicitly state that drivers are licensed under New Section 1. The department is assuming there are two separate license types. An amendment is necessary to clarify this ambiguity.
2. The 50-mile delivery limitation in New Section, Section 1 (3)(b)(i) should specify if it is the shortest path (driving) or by straight line (as a crow flies).
3. New Section, Section 1 (5) states that an alcohol delivery service license must comply with the license criteria of 16-4-401, MCA. This statute has separate clauses and criteria relating to on-premise consumption, off-premise consumption, manufacturing, and wholesaling licensees. An amendment should make clear the specific criteria that should be referenced for determining eligibility by specifically referencing the section of 16-4-401, MCA, or should create a new section in 16-4-401, MCA, for alcohol delivery services.

4. In New Section, Section 1 (10) it is unclear if the alcohol delivery service driver needs to meet all the specified criteria. An amendment should be considered to add the word "and" at the end of page 3 line 18.
5. Section 3 (2)(d)(ii) needs to be reworked. Alcohol delivery services and drivers aren't allowed to sell alcohol, so they should not be exempt from advertising it as available for sale. The language should instead exempt the retail licensee advertising prices through the delivery service software or application.
6. Section 4 should be clarified if the publications apply just to the alcohol delivery service companies or to all drivers as well.
7. The responsible server and sales training program only speaks to retail establishments and manufacturers in 16-4-1002, MCA, and it may be necessary to add language to this section speaking to alcohol delivery drivers to ensure that there is no ambiguity.

NO SPONSOR SIGNATURE

Sponsor's Initials

2/26
Date

KA
Budget Director's Initials

2/24/21
Date