



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0247

Title: Generally revise alcohol state property/
postsecondary education

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	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Other Auxiliary	\$130,594	\$133,206	\$135,870	\$138,588
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 247 allows the Montana University System (MUS) and postsecondary institutions to contract with alcohol beverage licensees in order to serve alcoholic beverages at sporting events held at the institution. Any revenue collected is deposited into the auxiliary fund at the MUS or postsecondary institution.

FISCAL ANALYSIS

Assumptions:

Office of the Commissioner of Higher Education (OCHE)

1. Currently, sales of alcohol at sporting events held by the Montana University System (MUS) or other postsecondary institutions are not allowed.
2. SB 247 allows postsecondary education institutions to contract with an alcoholic beverage licensee with a catering endorsement to serve alcoholic beverages at sporting events held by the postsecondary institution.
3. Revenue sharing agreements may be entered into by the postsecondary institution and the alcoholic beverage licensee to split revenues from the events.
4. Each institution will contract with a vendor to provide alcohol sales at all home athletic events with a revenue share agreement.
5. Revenue share estimates are generally based on a percentage of gross sales per event.

6. The table below represents a sample revenue share schedule used for this analysis:

<u>Gross Sales</u>	<u>% Share</u>
Up to \$25,000	25%
\$25,000 to \$45,000	30%
Over \$45,000	35%

7. OCHE estimates that the MUS will contract for alcohol sales at all home games for basketball and football.
8. OCHE assumes that each stadium or arena will have a designated alcohol consumption area, limited to approximately 5 percent of total capacity for an event.
9. Over the course of each academic year, only 80 percent of the total seats designated for alcohol consumption during sporting events will be filled by spectators.
10. Each spectator in the designated alcohol section will purchase two alcoholic drinks.
11. Costs and revenue will increase by 2 percent each year from FY 2023 through FY 2025.
12. Based on capacity and attendance at each home game for MUS football and basketball games, and per the revenue share schedule in assumption #6, the 25 percent share of revenue total revenue to the MUS will be \$130,594 in FY 2022, \$133,206 in FY 2023, \$135,870 in FY 2024, and \$138,588 in FY 2025.
13. Revenue to the MUS or postsecondary institution will be deposited into the auxiliary fund which falls outside the scope of academic operations.

	<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>				
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other Auxiliary	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
Other Auxiliary	\$130,594	\$133,206	\$135,870	\$138,588
TOTAL Revenues	<u>\$130,594</u>	<u>\$133,206</u>	<u>\$135,870</u>	<u>\$138,588</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$130,594	\$133,206	\$135,870	\$138,588

Technical Notes:

1. The MUS may incur additional costs related to increasing the level of security at each event, however, for the purpose of this analysis, those costs are not calculable.
2. In this analysis, no single MUS event would generate more than \$25,000 in gross sales. If actual sales at an event exceed \$25,000, the revenue to the MUS entity would increase.

Ellen Boldt 2/19/21 KA 2/19/21
 Sponsor's Initials Date Budget Director's Initials Date