



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0366 - Revise laws related to drinking age (Trebas, Jeremy)

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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	(\$36,601,468)	(\$36,601,468)	(\$36,601,468)
Revenue:				
General Fund	(\$585)	(\$585)	(\$585)	(\$585)
Federal Special Revenue	\$0	(\$36,601,468)	(\$36,601,468)	(\$36,601,468)
Net Impact-General Fund Balance:	<u>(\$585)</u>	<u>(\$585)</u>	<u>(\$585)</u>	<u>(\$585)</u>

Description of fiscal impact: SB 366 revises the law related to the legal age to consume or possess beer and wine allowing individuals between ages 18 and 21 to possess and consume beer and wine the consent of and in the presence of the individual's parent, guardian, or spouse (if over 21). This statutory change will put the State of Montana out of compliance with federal statute and thus make it subject to sanctions on federal transportation funding for roads and bridges.

FISCAL ANALYSIS

Assumptions:**Montana Department of Transportation (MDT)**

- The fiscal impact of SB 366 is based on federal fiscal year 2023 apportionments.
- As written, the State of Montana will be subject to a \$36,601,468 sanction of highway formula funding beginning in federal fiscal year 2025, and each year thereafter that Montana law is out of compliance with federal statute.
- The state would not receive these federal funds and therefore construct less highway projects.

Department of Justice (DOJ)

- The Montana Highway Patrol (MHP) currently writes an average of 2 citations per year under 16-6-305 MCA. These citations are issued under the age limit for sale or provision of alcoholic beverages -- liability of provider.
- It is assumed that citations would no longer be written under the provisions included in SB 366.
- The fine amount is \$585 per citation. Therefore, a revenue loss of \$1,170 is estimated. ($\$585 * 2 = \$1,170$)
- Half of the revenue received goes to the general fund and half goes to the county in which the citation was written.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$0	(\$36,601,468)	(\$36,601,468)	(\$36,601,468)
TOTAL Expenditures	<u>\$0</u>	<u>(\$36,601,468)</u>	<u>\$0</u>	<u>(\$36,601,468)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	(\$36,601,468)	(\$36,601,468)	(\$36,601,468)
TOTAL Funding of Exp.	<u>\$0</u>	<u>(\$36,601,468)</u>	<u>(\$36,601,468)</u>	<u>(\$36,601,468)</u>
<u>Revenues:</u>				
General Fund (01)	(\$585)	(\$585)	(\$585)	(\$585)
Federal Special Revenue (MDT)	\$0	(\$36,601,468)	(\$36,601,468)	(\$36,601,468)
TOTAL Revenues	<u>(\$585)</u>	<u>(\$36,602,053)</u>	<u>(\$36,602,053)</u>	<u>(\$36,602,053)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$585)	(\$585)	(\$585)	(\$585)
Federal Special Revenue (MDT)	\$0	\$0	\$0	\$0

Long-Term Impacts:

- SB 366 restricts state flexibility to direct a portion of Montana’s Federal-aid Highway construction funds to the most essential, cost-effective improvements that will extend the life of Montana’s highway assets.

Technical Notes:

- The amendment to 16-4-1002, MCA, appears to imply that providing beer and wine to persons aged 18-20 pursuant to the new Section 1 is prohibited. This seems to be in conflict with the language in Section 1.
- An effective date of October 1, 2023 may not allow sufficient time to update all the responsible server and sales training curriculum and get all licensees and their employees recertified with the new curriculum.

Effect on County or Other Local Revenues or Expenditures:

- Half of the revenue received from fines assessed via the Montana Highway Patrol goes to the state general fund and half goes to the county in which the citation was written. The counties may realize a loss of \$585 annually associated with no citations being issued.

NO SPONSOR SIGNATURE 2/23/23
 Sponsor's Initials Date

 2.22.23
 Budget Director's Initials Date