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Director

# Montana Department of Revenue



**Brian Schweitzer**  
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## Memorandum

To: Sheri Heffelfinger, Research Analyst  
Legislative Service Division

From: Shauna Helfert *Shauna Helfert*  
Liquor Control Division Administrator

Date: June 8, 2010

Subject: Mandated Alcohol Server Training Bill Draft, LC1j03

Please find this as the response to your request on the Mandated Alcohol Server Training Bill Draft, LC1j03. This response only provides you with information you requested and should not be construed as the Department of Revenue making any recommendations or supports any of the options.

Your request asked for feedback on whether the bill as drafted is technically sound from an administrative perspective. You also mentioned the policy objective is to make the current responsible alcohol sales and service training mandatory, enforceable and fiscally self-sufficient.

The bill as drafted requires all licensees and employees to be trained in an approved alcohol server training. The bill mandates the licensees require each employee to take training within 60 days of hire, ensure employees are trained annually, maintain employment records and post signs. It further provides authority for the department to create a training program, impose fines on licensees not in compliance and the authority for outside trainers to charge a fee to send to DOR.

In regards to your question, is the bill technically sound from an administrative perspective? The draft bill can be administratively sound with a few technical amendments and with the additional FTEs referenced below. As to the policy objectives: mandatory, enforceable and fiscally self-sufficient? The draft bill does create mandatory training; however, the bill does not have an enforcement component and is not fiscally self-sufficient. (Implementation of the bill the first year is estimated to cost \$250,000 and subsequent years \$200,000 per year. The revenue generated from the training fee remitted to the department is not expected to cover the estimated costs of implementation and administration.)

As drafted, the division would need to increase our training and related administrative functions to implement and administer the bill. Currently the department has one FTE who is

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responsible for the program and training trainers. We train 2,900 employees per year and are at capacity. It is estimated that we will have over 9,000 server/sellers to train under the proposal as drafted. In addition the division would be required to discharge new responsibilities with regard to employer reporting, compliance tracking and related tasks. The increase in workload to administer the proposed bill translates to a conservative estimate of 2 1/2 FTE. In theory this should come from the cost per person to attend training. This bill only requires a fee from outside trainers. This is insufficient to cover the cost of administration and does not have a workable fee collection process.

One of the committee's policy objectives is for the bill to be fiscally self-sufficient. We interpret this objective as preventing any impact on the general fund to administer and implement the bill. There are several policy choices or combinations available that other states have used to offset the cost of administration. These include either (a) charging a training fee to the licensees for the number of employees trained or (b) charging the servers/sellers for the certification or training and a renewal fee.

One option modeled after other states is attached and labeled Option #1. This option is based upon the most typical practices of the largest number of mandatory server states and was drafted with the intent to conform to the interim committee's stated policy objectives. Option #1 provides for mandated server/seller training, certification and enforceability which adds a level of accountability to the servers/sellers in addition to the licensee. This option provides penalties for both the licensee and server/seller. The administrative cost for implementation and long term administration would essentially be the same for the draft bill and yet be enforceable and fiscally self-sufficient with the certification fees and renewals in this option. (Implementation of the bill the first year is estimated to cost \$250,000 and subsequent years \$200,000 per year. The revenue could be generated from the certification and renewal fee to be paid by the individual servers seeking or maintaining certification.)

Lastly, again based upon practices of a number of other states Option #2 (see attached) provides technical amendments to your original draft to include common elements of typical practices. In addition Option #2 provides an alternative for revenue to offset some of the administrative costs. (Implementation of the bill the first year is estimated to cost \$250,000 and subsequent years \$200,000 per year. The revenue generation choice for this option would come from a training fee charge at the time of licensee renewal.)

Thank you for allowing us the opportunity to respond to your questions. If you have further questions or want further clarification, we would be happy to discuss them with you.