

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 18** SLS 202ES 47

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: October 7, 2020 12:32 PM	Author: CATHEY
Dept./Agy.: Revenue, Alcohol and Tobacco Control	Analyst: Patrice Thomas
Subject: Waived and Refunded Alcohol Permit Fees Paid by Bars	

FEES/LICENSES/PERMITS EG DECREASE SG RV See Note Page 1 of 1
Provides an exemption to certain permit fees collected by the Office of Alcohol and Tobacco Control. (gov sig) (Item #35)

Under current law, Class A-General retail permits issued to bars that serve alcohol on the premises are as follows: (1) Beer only - \$120 (\$70 beer fee + \$50 responsible vendor fee); (2) Beer and Liquor - \$320 inside a city (\$70 beer fee + \$200 liquor/wine fee + \$50 responsible vendor fee) or \$220 outside a city (\$70 beer fee + \$100 liquor/wine fee + \$50 responsible vendor fee). Proposed law provides that bars with a Class A-General permit and breweries (including microbreweries and microdistilleries) that paid their permit fees timely during 2020, shall have their permit fees waived on a pro rata basis in 2021. Proposed law provides that bars with a Class A-General permit and breweries (including microbreweries and microdistilleries) that paid their permit fees timely during 2020 and subsequently surrendered their permit in 2020 while in good standing, shall be refunded the amount paid on a pro rata basis for their permit fees no later than 12/31/2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	SEE BELOW	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total			\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	DECREASE	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law creates an increased expenditure exposure as a result of refunding permit fees in FY 21 and eliminates self-generated revenues as a result of waiving permit fees in FY 21 and FY 22. The Office of Alcohol and Tobacco Control (ATC) utilizes self-generated revenues to support certain functions and services within agency. The loss of revenues to support these expenditures is indeterminable (see Revenue Explanation). If ATC is to maintain its current functions and services, an alternative source of revenue would have to be utilized. State General Fund revenue may be sought for replacement. At the close of FY 20, the agency had a carryforward fund balance of \$8,763,428, which may be utilized as an alternative revenue source.

REVENUE EXPLANATION

Proposed law will decrease SGR revenue collections in ATC by an indeterminable amount in FY 21 and FY 22. Proposed law requires ATC to waive Class A-General permit fees on a pro rata basis in calendar year 2021 for bars that paid their permit fees timely during calendar year 2020, or refund Class-A-General permit fees on a pro rata basis to bars that paid their permits fees timely during calendar year 2020 and subsequently surrendered their permit. The number of bars that would request waivers or refunds under this measure is indeterminable.

In FY 20, ATC issued 1,254 Class A-General permits that resulted in self-generated revenue collection of \$438,320 (79 beer only permits inside city limits at \$120 fee; 57 beer only permits outside city limits at \$120 fee; 898 beer/liquor permits inside city limits at \$320 fee; and 220 beer/liquor permits outside city limits at \$220 fee). ATC has issued 45 permits for breweries, microbreweries, and microdistilleries (30 breweries at \$1,000 fee; 8 microbreweries with restaurant permit at \$1,345 fee; 6 microbreweries with bar permits at \$1,320; and 1 microdistillery with a restaurant permit at \$1,345). For illustrative purposes, if 10% of the bars or breweries under this measure had permit fees waived or refunded, this would result in a revenue reduction of \$39,665 across FYs 21 and 22.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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