

RÉSUMÉ DIGEST

SB 18

2020 Second Extraordinary Session

Cathey

Present law provides that a Class A-General retail (bar) permit is issued only to a retail outlet where beverage alcohol is sold for consumption on the premises by paying customers, and:

- (1) Equipped with a permanent wet bar equipped with a nonmovable sink and a backbar or similar equipment for public display and to inform the public of brands and flavors offered for sale.
- (2) Staffed by a bartender whose primary duty is to open and/or prepare beverage alcohol products for consumption on the premises by paying customers, or prepared with an appropriate lid or cover on the container for take out service.
- (3) Issued only to an establishment where no person under the age of 18 years is allowed on the premises.

Present law defines a "microbrewery" as a retail establishment wherein beer and other malt beverages are brewed in small quantities, not to exceed 12,500 barrels per year, and where such beverages are sold at retail for consumption on or off the licensed premises.

Present law defines an "in-state manufacturer" or "brewer" as any person who engages in the making, blending, rectifying, brewing, or other processing of alcoholic beverages in Louisiana for shipments to licensed wholesale dealers within the state.

Present law defines a "microdistillery" as a retail outlet that engages in the distilling, making, blending, rectifying, or processing of any alcoholic beverage in Louisiana in quantities of not more than 12,000 gallons per year for retail sale for consumption on or off the licensed premises.

Present law provides that before operating as a bar, a brewery tap room, or a microdistillery providing retail consumption of alcohol, all persons are required to obtain from the commissioner of the office of alcohol and tobacco control (ATC), a proper permit to conduct each separate business and pay the commissioner, as applicable:

- (1) A fee of \$200 per bar location in any city and \$100 per bar location in a town, village, or unincorporated place for each year the permit is valid.
- (2) A fee of \$1,000 for in-state manufacturers (breweries) and microdistilleries.

Present law further requires a fee of \$100 for each \$100,000 of gross retail liquor sales (after the first \$100,000 of gross retail liquor sales), up to \$600.

Proposed law would provide that notwithstanding present law, a permit holder that timely paid its permit fees due to the commissioner during the 2020 calendar year, shall have its permit fees due during the 2021 calendar year reduced on a pro rata basis for the number of days in calendar year 2020 that the permit holder was required to close operations due to COVID-19 emergency proclamations.

Proposed law would provide that notwithstanding present law, a permit holder that timely paid its permit fees due to the commissioner during the 2020 calendar year, subsequently surrendered its permit to the commissioner during the 2020 calendar year, and was in good standing with the commissioner at the time of the surrender, shall be issued a refund in the amount paid, but reduced on a pro rata basis for the number of days in calendar year 2020 that the permit holder was required to close operations due to COVID-19 emergency proclamations, no later than December 31, 2020.

Present law defines "beverages of low alcoholic content" as alcoholic beverages containing not more than six percent alcohol by volume.

Present law requires that a permit holder dealing in malt beverages or beverages of low alcoholic content obtain from the commissioner a permit to conduct each separate business

and pay a permit fee for each location in the amount of \$70 for bars, and \$1,000 for microbreweries and in-state manufactures (breweries).

Proposed law would provide that notwithstanding present law, a permit holder that timely paid its malt beverages or beverages of low alcoholic content permit fees due to the commissioner during the 2020 calendar year, shall have its permit fees due during the 2021 calendar year reduced on a pro rata basis for the number of days in calendar year 2020 that the permit holder was required to close operations due to COVID-19 emergency proclamations.

Proposed law would provide that notwithstanding present law, a permit holder that timely paid its malt beverages or beverages of low alcoholic content permit fees due to the commissioner during the 2020 calendar year, subsequently surrendered its permit to the commissioner during the 2020 calendar year, and was in good standing with the commissioner at the time of the surrender, shall be issued a refund in the amount paid, but reduced on a pro rata basis for the number of days in calendar year 2020 that the permit holder was required to close operations due to COVID-19 emergency proclamations, no later than December 31, 2020.

Would become effective upon signature of the governor or lapse of time for gubernatorial action.

(Proposed to add R.S. 26:71(A)(8) and 271(A)(7))

VETO MESSAGE: "Please be advised that I have vetoed Senate Bill 18 of the Second Extraordinary Session.

This bill purported to provide financial relief for certain alcohol manufacturer and retail sales permit holders by allowing a permit holder's 2021 permit fees to be reduced on a pro rata basis if that permit holder was required to temporarily close operations pursuant to any of the governor's COVID-19 proclamations. The language of the bill is unclear on what "required to temporarily close operations" means. Even during the most restrictive Stay at Home orders, businesses holding these permits were only required to be closed to the public and in fact were able to be open for other business purposes. Although well-intentioned, clear reading of the language would likely not provide the relief to businesses that Senator Cathey sought through passage of the bill. Furthermore, assuming for argument's sake that the language could be construed so liberally as to allow permit holders to apply current year permit fees to next year's permit renewals, the Office of Alcohol and Tobacco Control would likely be heavily impacted because they are a self-generated revenue funded agency and would not collect revenue that their current budget is based upon.

I have, however, signed into law Senate Bill 72 of the Second Extraordinary Session, which became Act 60. This bill provides an income tax credit based on permit amounts for those businesses Senator Cathey was attempting to provide aid for in Senate Bill 18."