

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB642

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: McEachin

3. Committee: Senate Committee on Rehabilitation and Social Services

4. Title: Temporary licenses for applicants for mixed beverage restaurant licenses

5. Summary: Sets out a process for the issuance of a temporary license to applicants for a new mixed beverage restaurant license beginning July 1, 2014, as a condition of the issuance of an annual mixed beverage restaurant license. The bill also requires the ABC to adopt regulations for the imposition of sanctions for violations of the mixed beverage ratio and for not meeting the monthly food sale requirements in ABC Board regulations. The bill requires the ABC Board to report to the Chairmen of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social Services on the implementation of the bill by July 1, 2016. The bill contains technical amendments.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Indeterminate (See Item #8)

8. Fiscal Implications: According to ABC, the proposed legislation would likely require the need for additional personnel support in the licensing, hearing and investigation units due to the added workload of temporary licensure, additional monthly review and monitoring, and sanctions. It is estimated 2-3 FTE's would be needed to handle this additional workload at a cost ranging from \$53,000 to \$88,000 per FTE.

Currently, there are more than 4,500 mixed beverage licensees in the Commonwealth of Virginia with 400 new mixed beverage restaurant licenses issued in 2013. Each licensee must submit a mixed beverage annual review (MBAR) each year to certify that they are meeting and/or exceeding the minimum food-to-beverage ratio of 45 percent.

New mixed beverage licensees along with any existing licensees that violate the food-to-beverage ratio would be subject to the provisions of this legislation. Accordingly, a temporary licensure review would be conducted by an agent who would be required to manually review the records provided by the licensee to ascertain whether they are meeting the minimum requirements. According to ABC, this initial review would occur after about 4 months of licensure.

The current licensing and enforcement systems will likely need to be modified to accommodate the additional data and tracking requirements. The precise system modification cost cannot be quantified; however, it is estimated the cost could be about \$250,000.

It is possible this legislation could generate additional revenue from monetary penalties, however, since the proposed legislation provides for a licensee to serve their full suspension, with the exception of the first offense, the amount of potential revenue generated as a result of this legislation cannot be calculated.

9. Specific Agency or Political Subdivisions Affected: ABC

10. Technical Amendment Necessary: No

11. Other Comments: None

RMT