

## **Department of Planning and Budget**

### **2020 Fiscal Impact Statement**

**1. Bill Number:** SB1095

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Morrissey

**3. Committee:** Senate Committee on Rehabilitation and Social Services

**4. Title:** Prohibition on mixed beverages at strip clubs

**5. Summary:** The proposed bill removes provisions that currently prevent the Alcoholic Beverage Control Authority (“ABC”) from granting a mixed beverage license to establishments that allow striptease, topless entertainment, or entertainment that involves employees who are not clad both above and below the waist, or who uncommonly expose the body.

**6. Budget Amendment Necessary:** Yes, Item 394

**7. Fiscal Impact Estimates:** Preliminary (see Item #8)

**8. Fiscal Implications:** Under current law, establishments that allow striptease, topless entertainment and similar forms of entertainment by its employees are only permitted to have a wine and beer license. The proposed bill would allow these establishments to apply for a mixed beverage license.

Although the number of topless and striptease establishments in Virginia is unknown, ABC estimates there could be as many as 200 establishments. If this estimate is correct, ABC predicts the provisions of this bill will likely create a workload impact on its Enforcement Division. Because mixed beverage licensees are subject to food-to-beverage ratio requirements (sale of food and nonalcoholic beverages must equal at least 45 percent of the sale of food and mixed beverages), ABC agents would likely see an increase in the number of Mixed Beverage Annual Review (Mbar) submissions and an increase in the number of inspections that would have to be performed.

The first year cost for each additional special agent is \$110,000 (\$68,274 plus \$41,726 in vehicle and equipment cost). The ongoing cost in the second year and thereafter is \$68,274 per agent. To meet the requirements of the bill, ABC estimates the need for 3 additional special agents which would be a first year cost of \$330,000.

The bill would likely generate additional revenue. The application fee for mixed beverage licenses is \$195, plus there would also be revenue generated from mixed beverage license fees which are based on the number of seats available in the establishment. If all of the estimated 200 establishments applied for a mixed beverage license, the application fee

revenue would be \$39,000. The potential revenue that could be generated from mixed beverage license fees is more difficult to determine without knowing how the number of seats for each establishment.

**9. Specific Agency or Political Subdivisions Affected:** ABC

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None