

## Department of Planning and Budget 2012 Fiscal Impact Statement

**1. Bill Number:** HB896E

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Albo

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

**4. Title:** Alcoholic beverage control; operation of government stores.

**5. Summary:** Removes the current limitations on the operation of government stores on Sunday and authorizes the ABC Board to determine which stores shall be open on Sunday after 1:00 pm.

**6. Budget Amendment Necessary:** Yes, Front page general fund transfers

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

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$450,000	Nongeneral Fund
2014	\$675,000	Nongeneral Fund
2015	\$900,000	Nongeneral Fund
2016	\$900,000	Nongeneral Fund
2017	\$900,000	Nongeneral Fund
2018	\$900,000	Nongeneral Fund

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2013	\$1,250,000	Nongeneral Fund
2014	\$1,850,000	Nongeneral Fund
2015	\$2,500,000	Nongeneral Fund
2016	\$2,500,000	Nongeneral Fund
2017	\$2,500,000	Nongeneral Fund
2018	\$2,500,000	Nongeneral Fund

**8. Fiscal Implications:** Currently, ABC operates 131 retail stores on Sunday. There are 8 other retail stores that are eligible to operate on Sundays; however, because they are primarily licensee stores that serve restaurants, they don't do enough business to warrant Sunday operations.

This legislation impacts 195 retail stores that could potentially be opened on Sunday. These stores account for 49 percent of sales statewide.

In Fiscal Year 2011, sales from Sunday operations reached \$21.2 million which was up \$1.9 million from the previous fiscal year. The following table shows sales from Sunday operations since 2005:

<b>Year</b>	<b>Sunday Sales (in millions)</b>	<b>Number of stores</b>
2005	\$6.8	50
2006	\$8.2	50
2007	\$9.7	50
2008	\$12.1	95
2009	\$18.4	133
2010	\$19.3	132
2011	\$21.2	131

It is notable to mention that since Sunday operations began in Fiscal Year 2004, it has taken seven years to reach the current volume of \$21.2 million. It would not be reasonable to assume that ABC would generate an additional \$21.2 million in sales just from opening the remaining 195 stores because quite a few customers are likely visiting other nearby Sunday operating stores. Furthermore, due to geographic and demographic variations, the areas of the state benefiting from this legislation are not likely to generate similar volumes as current locations.

ABC does not have a good estimate on the number of potential stores that could be problematic or inadvisable to open on Sunday, but assumes it could be between 10-20 percent. Consequently, ABC would most likely open most of the stores, and then pare down the number once there is a better gauge on volume. It is expected that taxes and profits could eventually total approximately \$2.5 million (after deducting incremental expenses of about \$900,000). This is based on incremental sales of about \$6.5 million, which is expected to be realized over the next 3 years when accounting for sales transfers from other stores currently operating on Sunday. Any additional net profits would be transferred to the general fund.

**9. Specific Agency or Political Subdivisions Affected:** The Department of Alcoholic Beverage Control

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** January 19, 2012

**Document:** g:\2012 fis\completed\hb896E.doc

c: Secretary of Public Safety