

## Department of Planning and Budget 2015 Fiscal Impact Statement

1. **Bill Number:** SB1453

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

2. **Patron:** Deeds

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

4. **Title:** Commission on all sales of spirits in closed containers.

5. **Summary:** Establishes the commission rate on all sales of spirits in closed containers.

6. **Budget Amendment Necessary:** Yes, Item #379

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

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2016	\$510,428	1	Enterprise
2017	\$559,205		Enterprise
2018	\$680,248	1	Enterprise
2019	\$740,446		Enterprise
2020	\$807,155		Enterprise
2021	\$881,203		Enterprise

**8.Fiscal Implications:** Currently, ABC makes commission payments to distillery stores in accordance with the terms of the contract. Typically, ABC pays a 15 percent commission on the first \$100,000 in sales, 10 percent commission on sales of \$100,001 to \$250,000 and 7 percent commission on sales above \$250,000. In FY 2014, nearly \$230,000 in commission payments was made to five distilleries. Based on the increase in the number of distillery stores since July 1, 2014, ABC anticipates FY 2015 commission payments to increase by 40 percent over FY 2014 payments and the number of distillery stores to grow at a rate of 2-3 additional stores per year. Prior to FY2015, ABC found this process to be manageable primarily because there were 5 or fewer distillery stores. Currently, there are 10 distillery stores and the agency expects that number to increase.

According to the Department of Alcoholic Beverage Control (ABC), the current process to submit distillery store sales and inventory information and process commission payments is a completely manual process. The multi-step process involves tracking sales, verifying bottle prices and tracking inventory counts.

ABC believes that as a result of this legislation there could be an increase in distillery stores necessitating the hiring of at least one full-time accountant with the likelihood that more employees may be needed in order to manage the influx in the number of monthly sales and inventory figures that must be processed in order to remit commission payments.

As a part of its cost savings strategies, distillery store commissions were eliminated as a part of the Governor's introduced budget.

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

RMT/013015