

## Department of Planning and Budget 2016 Fiscal Impact Statement

1. **Bill Number:** HB219

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

2. **Patron:** Taylor

3. **Committee:** House Committee on General Laws

4. **Title:** Adjusting the food-to-beverage ratio

5. **Summary:** Reduces from 45 to 25 percent the requirement for mixed beverage restaurant licensees for the ratio of combined gross receipts from the sale of food consumed on the premises and nonalcoholic beverages served on the premises and the combined gross receipts from the sale of mixed beverages, food, and nonalcoholic beverages. The bill provides that gross receipts be calculated on the basis of the price that the licensee paid for the food, nonalcoholic beverages, or mixed beverages sold, rather than the price at which the licensee sells such items to consumers.

6. **Budget Amendment Necessary:** No

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

8. **Fiscal Implications:** Currently, the food-to-beverage ratio adds food sales to nonalcoholic beverage sales and then divides the sum by total gross sales. For the purposes of this calculation, total gross sales is composed of food sales, nonalcoholic beverage sales and mixed beverage sales. The proposed legislation would change the formula by focusing on food purchases rather than food sales. (see table below)

Current Formula	Proposed Formula
(Food <i>sales</i> + nonalcoholic beverage <i>sales</i> )/total gross <i>sales</i>	(Food <i>purchases</i> + nonalcoholic beverage <i>purchases</i> )/total gross <i>purchases</i>

According to the Department of Alcoholic Beverage Control (ABC), the provisions of this legislation will have a minimal impact of agency enforcement operations; however, the agency will incur some cost in changing training materials, agency publications, forms and the MBAR system. While the costs cannot be quantified, they are expected to be nominal.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None