

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: HB390H1

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

2. Patron: Knight

3. Committee: House Committee on General Laws

4. Title: Alcoholic Beverage Control Authority (“ABC”) license and fee reform

5. Summary: The proposed bill reorganizes all alcoholic beverage control licenses by creating a new fee structure that aligns license fee amounts with enforcement demands. The bill repeals several Code sections under Title 4.1 (Alcoholic Beverage Control Act) and amends the Code by adding new sections related to the proposed license and fee reform.

6. Budget Amendment Necessary: No.

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

8. Fiscal Implications: The proposed bill makes numerous changes to Title 4.1 (Alcoholic Beverage Control Act) that implements a new license and fee structure that aligns license fee amounts with enforcement demands, consolidates many existing license types into a simpler structure and standardizes quantity limits on alcohol samples.

ABC consulted industry stakeholders to determine the best pathway forward to reduce the complexity and duplicative processes of the licensing structure and come up with a more standardized system that would lead to greater uniformity and consistency for licensees and licensee enforcement. As a result, the bill would reduce existing licenses by more than 50 percent (excluding one-time banquets and permits) through consolidation of license types. In addition, the bill creates a Marketplace license which would allow the complimentary service of beer or wine as a secondary gratuity to an ongoing enterprise. This license type would be available to applicants that meet certain requisite qualifications and that fulfill certain discretionary criteria determined necessary by ABC to protect public health and safety. The bill also standardizes fees and categories for permits and increases license fees to provide enhanced services to licenses.

According to the calculations of the Alcoholic Beverage Control Authority (“ABC”), the reforms outlined in the bill are expected to generate an additional \$2.6 million in licensing revenue. As a part of licensing reform, ABC took a comprehensive look at ABC licenses and privileges, and the costs associated with the application, issuance, and compliance monitoring of a license.

The law enforcement agent to licensee ratio went from 1:122 in 2003 to 1:220 in 2018. According to ABC, the additional licensing revenue generated by the bill would cover the cost of: 16 investigative analysts to assist sworn agents with the increasing volume of licensee paperwork; 2 financial investigative analyst to assist with the more complex mixed beverage annual review (Mbar) investigations; and 8 sworn special agents to cover areas densely populated with alcohol licensed establishments.

The bill has a delayed effective date of July 1, 2021.

9. Specific Agency or Political Subdivisions Affected: ABC

10. Technical Amendment Necessary: No

11. Other Comments: None