

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	CSSSSB 76(FIN)
Fiscal Note Number:	3
(S) Publish Date:	4/30/2018

Identifier: SB76CSSS(JUD)-DCCED-AMCO-04-16-18
 Title: ALCOHOLIC BEVERAGE CONTROL; ALCOHOL REG
 Sponsor: MICCICHE
 Requester: (S) Finance

Department: Department of Commerce, Community and Economic Development
 Appropriation: Alcohol and Marijuana Control Office
 Allocation: Alcohol and Marijuana Control Office
 OMB Component Number: 3119

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services	73.2		73.2				
Travel	9.8		9.8	6.4			
Services	287.0		337.0	50.0	50.0	50.0	50.0
Commodities	11.8		0.8				
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	381.8	0.0	420.8	56.4	50.0	50.0	50.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	381.8		420.8	56.4	50.0	50.0	50.0
Total	381.8	0.0	420.8	56.4	50.0	50.0	50.0

Positions

Full-time							
Part-time							
Temporary	1.0		1.0				

Change in Revenues

1005 GF/Prgm (DGF)			527.0	472.0	472.0	472.0	472.0
Total	0.0	0.0	527.0	472.0	472.0	472.0	472.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
 If yes, by what date are the regulations to be adopted, amended or repealed? 01/01/20

Why this fiscal note differs from previous version/comments:

Updated Change in Revenues section to reflect changes made to club licenses in the latest committee substitute. Updated travel line to correct typo.

Prepared By:	Erika McConnell, Director	Phone:	(907)269-0351
Division:	Alcohol and Marijuana Control Office	Date:	04/16/2018
Approved By:	Catherine Reardon, Director	Date:	04/16/18
Agency:	Division of Administrative Services, DCCED		

REPORTED OUT OF SFC 04/30/2018

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

This bill is a result of recommendations from a five-year process initiated by the Alcoholic Beverage Control (ABC) Board to improve the structure, organization, specific policies, and associated implementation issues in alcohol regulation.

EXPENDITURES (in thousands)

The liquor licensing functions of the Alcohol and Marijuana Control Board are fully funded by program receipts from licensing fees. The agency anticipates that additional receipt authority is needed to accomplish the requirements of this legislation. Collection of alcohol licensing receipts is anticipated to be sufficient to fund these expenditures.

As a result of this bill, regulations across 3 AAC 304 will need to be rewritten by the Alcoholic Beverage Control Board. AMCO does not have existing capacity to manage an extensive regulations project, so a long-term non-permanent position is requested for two years, along with necessary services and supplies.

The Alcoholic Beverage Control Board will add four full days of meetings, likely to existing meetings planned, in the first two fiscal years to review, propose, and adopt regulations under the Administrative Procedure Act.

SB76 adds educational outreach responsibility to the Alcoholic Beverage Control Board, which will serve as the lead agency and provide written and web-based publications to various stakeholders across the state. The existing Local Government Specialist IV will coordinate this program, and additional expenditure authority will be needed to produce materials and travel to engage with industry, the public, municipalities, rural governments, and other stakeholders.

The aged alcohol licensing database needs to be replaced with licensing workflow/database software to comply with data collection, research, and reporting requirements. The initial costs for this will be spread over the first two years, with an annual maintenance fee after the first year.

1000 Personal Services Long-term non-permanent Regulations Specialist II range 16 to develop regulations:
\$73.2/year for the first two years

2000 Travel Board travel costs for four additional days of meetings: \$3.4/year for the first two years (\$1.6/meeting day)
Local Government Specialist travel for two-day trips to each of the four judicial districts per year: \$6.4/year for the first three years (\$1.6/two-day trip)

3000 Services Attorney review of regulations: \$12.0/year in each of the first two years (75 hours/year)
Printing, design, and publication costs for education materials: \$10.0/year for the first two years
Database development/acquisition: \$250.0/year in the first two years
Software maintenance: \$50.0/year beginning in year two
Statewide core services and allocated costs: \$15.0/year

4000 Supplies: Start-up costs for new employee (computer, cubicle): \$10.0 in the first year
Printing/public notice: \$0.8/year for the first two years
Postage: \$1.0/year for the first two years

The Department of Public Safety will provide access to the TRACS mobile citation system at no cost, which will allow enforcement to issue, manage, and transmit citations to defendants and the Alaska Court System.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. SSSB76

Analysis

FEE CHANGES (in whole dollars)

Revenues are anticipated to increase due to a re-evaluation of the fee structure by the Steering Committee along with increased expectations and requirements for administration, education, and enforcement.

Certain biennial license fees have been increased:

- Manufacturing licenses have been standardized at \$1,500 (up from \$500 for wineries and \$1,000 for breweries and distilleries)
- Retail on-site service at manufacturing facilities is made a new license type with a \$1,250 license fee
- Destination Resort, and Outdoor Recreation Lodge licenses have been standardized at \$2,500 (up from \$1,200 for clubs and \$1,250 for resorts and lodges)
- Club licenses have been increased from \$1,200 to \$1,500
- All retail licenses that serve only beer and wine are standardized at \$1,250 (up from \$400-\$800)

Certain biennial license fees have been decreased:

- Wholesaler base license fee is unchanged but annual transaction fees are reduced
- Duplicate Beverage Dispensary Licenses are changed to endorsements, reducing the fee from a biennial \$2,500 fee to an one-time endorsement fee of \$1,250 and a biennial fee of \$200

Endorsements are a new concept in Title 4, created as add-ons to licenses to address specific needs or situations. Each endorsement has a biennial fee of \$200 (the multiple fixed-counter endorsement, which replaces the BDL Duplicate license, also has a one-time issuance fee of \$1,250). This fiscal note assumes an average of one endorsement per license; in reality, some licenses will have multiple endorsements and some licenses will have no endorsements.

Permit fees are clarified to be a per-day fee of \$50 (ABC Board may increase, but not decrease, fee by regulation) rather than a per-event fee. The negligible increase resulting from this change is not shown in this fiscal note.

REVENUE SUFFICIENCY (in thousands)

AMCO anticipates significant expenditures to prepare for the changes made by the bill before we will see increased revenues from the bill. However, receipt collections in FY2019 are anticipated to be sufficient to support increased expenditures for two reasons:

- 1) alcohol revenue has exceeded alcohol expenditures by an average of \$280.0/year over the last five years.
- 2) the ABC Board approved a regulations project that increases the application fees for new, transfer, and renewal applications, from which we anticipate an increase of \$175.0 in revenues in FY2019.

AMCO anticipates sufficient alcohol receipts to support the expenditures should SB 76 be enacted.