

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0067	Date: January 16, 2014
Prime Sponsor(s): Sen. Balmer Rep. Pabon	Bill Status: Senate Business, Labor, and Technology
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SHORT TITLE: ALCOHOL BEVERAGE LICENSE SUSPENSIONS FINES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<u>at least \$22,900</u>	<u>at least \$22,900</u>
General Fund	at least 22,900	at least 22,900
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Under current law, an alcoholic beverage licensee or permit holder may petition the state or local liquor licensing authority for permission to pay a fine in lieu of a suspension of 14 days or less under certain circumstances. This option is allowed no more than once every two years. This bill gives state and local liquor licensing authorities the ability to accept a fine in lieu of a suspension of any number of days so long as the license or permit has not been revoked during the previous two years.

State Revenue

Beginning in FY 2014-15, this bill is expected to increase General Fund revenue by at least **\$22,900 per year** from fines paid for violations of liquor laws and from new sales taxes.

Department of Revenue, Liquor Enforcement Division (LED). Based on past experience, an estimated 20 license and permit holders annually will be eligible to pay a fine in lieu of suspension. The fiscal note assumes that these would be 5 and 10 day suspensions under current law, and that the LED will allow the licensees and permit holders to make the fine payments. Fine amounts are based on 20 percent of the businesses' foregone sales, estimated at a minimum of \$100,000, which yields an increase of at least \$20,000 in General Fund fine revenue annually.

Using the same estimate of \$100,000 in foregone sales, the fiscal note assumes that based on the application of the 2.9 percent state sales tax, that state generated tax revenue will increase by \$2,900 per year. Actual increases will depend on the number and severity of violations.

Local Government Impact

With this bill, local licensing authorities that choose to accept a fine in lieu of a suspension will see an increase in revenue from fines as well as an increase in local sales taxes. Because this increase depends the number and severity of violations, and the choices of local authorities to accept fines in lieu of suspensions, the amount of increased revenue is not quantified in the fiscal note.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Revenue

Counties

Municipalities