

BILL SUMMARY
2nd Session of the 56th Legislature

Bill No.:	SB 1542
Version:	FA2
Request Number:	
Author:	Rep. Kannady
Date:	4/26/2018
Impact:	ABLE: potential negative revenue impact on the Commission and the General Revenue Fund in FY-19 & FY-20

Research Analysis

FA2 to SB 1542:

Adds a new section 1 allowing a nonresident seller to transfer brand registrations to the brewer, distiller or winery that produces those brands.

Adds a new section 4 to remove language regarding ABLE notifying law enforcement of any violation which carries a criminal penalty.

Adds a new section 8 to clarify that a bonded warehouse license holder may store nonalcoholic beverages.

Adds a new section 10 to clarify that a beer distributor license may be issued to a corporation, limited liability company or partnership.

Adds a new section 11 removes language relating to previous non-revocation violations as a condition for license revocation.

Adds a new section 12 to clarify a license name.

Adds a new section 14 to allow a brewer or beer distributor to withdraw beer to assure control quality.

Adds a new section 15 clarifies the use of discounts and coupons when determining price of alcoholic beverages.

Adds a new section 16 clarifies the use of mail-in rebates for alcoholic beverages and food and beverages.

Adds a new section 17 providing that municipalities may not enact ordinances criminalizing conduct that may be prosecuted administratively by the ABLE Commission.

Adds a new section 18 allowing a nonresident seller to transfer brand registrations to the brewer, distiller or winery that produces those brands.

Adds a new section 19 clarifying drinking in public.

Adds a new section 20 clarifying locations for drinking spirits at designated bar area of concession stand.

SB 1542 provides legislative intent on exercising its powers and the powers granted to the states by the Twenty-first Amendment to the Constitution of the United States and in regulating the structure of the state's alcoholic beverage industry. The measure provides that all licenses issued by the ABLE Commission prior to October 1, 2018, with a one-year term shall be valid initially from the date of issue until the earlier of the twentieth month following the date of issue or December 31, 2019, and, if such license is renewed, shall thereafter be treated as if issued on such earlier date and subject to annual renewal on each anniversary of such date. The measure clarifies that employees of beer distributors and other licensees holding licenses issued by the ABLE Commission are not required to obtain an employee license if the employee only sells alcohol or alcoholic beverages to establishments holding licenses issued by the ABLE Commission and not to the public.

Prepared By: Brad Wolgamott

Fiscal Analysis

FA2 on SB 1542 does not affect the current fiscal impact. See below.

SB 1542, upon review by the ABLE Commission, is determined to have a potential negative revenue impact for both the Commission as well as the General Revenue (GR) Fund, as the Commission remands all license revenue to the GR Fund on a monthly basis, and retains only the surcharges for its operations.

According to the agency:

The measure will result in a decrease of GR collections, as well as agency surcharge collections due to the license extension option. It is impossible to determine the amount of current and potential licensees that would take advantage of a 20-month license over the standard 1-year, and therefore impossible to determine the amount this will cost the state through loss of revenue. However, ABLE Commission is estimating the measure to cost anywhere from \$0 to a significant portion of total monthly collections during FY-19 & FY-20 depending on how many licensees decide to opt for the longer license. See below for ABLE's GR collection averages.

FY-16 average monthly GR collections: \$486,427

FY-17 average monthly GR collections: \$555,996

The exact decrease in GR collections is contingent upon how many licensees opt to take the 20-month license as opposed to the traditional 1-year. This could range in revenue losses for General Revenue from \$0 up to a significant portion of the typical monthly collections during FY-19 & FY-20.

Prepared By: Kristina King

Other Considerations

The ABLE licensing system is currently unable to accommodate the processing of new licenses that are not the 1-year option. The ABLE Commission will also have to issue refunds for certain

licensees which will require a reprogramming of the agency's licensing system which might generate unanticipated costs to the Commission.

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