

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 425

PRINTER NO. 1495

AMOUNT

\$2,699,500
(Revenue Loss)

FUND

State Stores Fund

DATE INTRODUCED

February 8, 2021

PRIME SPONSOR

Representative Dowling

DESCRIPTION

House Bill 425 amends the Liquor Code to make the following changes:

Section 406 (Sales by Liquor Licensees Restrictions)

The legislation allows liquor and wine in the possession of a licensee when the licensed business closes permanently to be sold to another licensee. It requires the licensee to notify the Liquor Control Board (board) in writing of the name of the licensee and to identify the products sold to the licensee.

Section 417 (COVID-19 Disaster Emergency)

The legislation allows the board, upon receipt of a request from the licensee, to temporarily extend the licensed premises of a club, catering club, restaurant, retail dispenser, hotel, limited distillery, distiller, brewery, or limited winery to include any outside serving area that is immediately adjacent to the existing licensed areas or within 1000 feet of the main licensed building. It requires the board to grant immediate operating authority to the applicant to use the outside area while the board processes the request. It provides for the operating authority to be terminated if a valid protest is received or the board determines that the proposed area does not meet the requirements of this act or regulations for the licensing of the area in question. It specifies that a filing fee is not required and that applicants may be required to provide relevant information to the board.

The legislation allows the board to authorize an unlimited number of off-premises catered functions to entities that qualify for off-premises catering permits. It specifies that an application fee is not required, that an application for a catering permit need not be submitted prior to March 1 of the calendar year and the five-hour limit on catered functions does not apply.

Section 462.1 (Safekeeping During a Disaster Emergency)

The legislation allows the board to provide an additional year of safe keeping for a club, catering club, restaurant, eating place retail dispenser, hotel, importing distributor, and distributor license that was in safekeeping during the proclamation of disaster emergency. It specifies that the license is not subject to a renewal, validation, or late fee that would be due during the additional year, except that the licensee must file a renewal or validation application that becomes due. It also specifies that the additional year of safekeeping starts on the date of a renewal or validation of the license that occurs after December 31, 2021.

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The legislation is scheduled to take effect immediately. The provisions related to the temporary extension of licensed premises and off-premises catered functions expire December 31, 2022.

FISCAL IMPACT

The Liquor Control Board (board) has indicated that the provisions allowing liquor and wine in the possession of a licensee when the licensed business closes permanently to be sold to another licensee will have a de minimus impact on the State Store Fund as most licensees have limited inventory on hand, especially sealed bottles.

The board has indicated that the provisions allowing a licensee to temporarily extend their license premises to a noncontiguous location can be accomplished by utilizing existing administrative processes at minimal expense which can be absorbed within its existing operating budget.

The provisions which waive the \$500 application fee for off-premises catering permits are estimated to result in a reduction of revenue to the State Sores Fund of \$254,500 assuming the same number (509) of applications are made as in the prior year.

The provisions which waive the extension of safekeeping fees are estimated to result in a reduction of revenue to the State Stores Fund of \$2,445,000. This assumes the same number of extensions as were sought in 2019.