

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 566

PRINTER NO. 611

AMOUNT

See Fiscal Impact

FUND

State Stores Fund

DATE INTRODUCED

April 16, 2021

PRIME SPONSOR

Senator Regan

DESCRIPTION

Senate Bill 566 amends Section 470.3 (License Auction) of the Liquor Code to establish an annual excess license auction for licenses that do not receive bids during the regular license auction process to be auctioned at the discretion of the Liquor Control Board (board).

The legislation provides for a license purchased through the excess license auction to be awarded to the highest bidder in any county, regardless of the original location of the license. It allows the license to be transferred without consideration of the license quota under Section 461(a) upon approval of the governing body of the municipality where the license will be transferred as provided for under current law.

The legislation requires a request to transfer a license purchased through the excess license auction to a county other than the originating county to be made in writing to the board along with an application fee of \$25,000. It also provides that if the license is transferred to another county, it may not be transferred from the receiving municipality for a period of five (5) years after the date the licensed premises is operational.

The legislation extends the time for a winning bidder in a license auction to pay the bid amount from two (2) weeks to six (6) months and removes the requirement that the board hold the bid amount in escrow until the license is approved.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT:

The enactment of Senate Bill 566 will likely result in additional revenue accruing to the State Stores Fund.

At present, there are approximately 38 expired licenses that would be available for an excess license auction as defined in legislation, and it is believed that the board will take a measured approach to auctioning these licenses given the impact of the COVID-19 pandemic, unknowns about the current demand for a license auction and

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evolution of the post-Act 39 license marketplace originally driven by demand for wine expanded permits.

Assuming that approximately five (5) licenses are made available by the board annually through the excess license auction and bidders seeking those licenses intend to transfer the licenses to high demand counties, between \$1.25 and \$2 million in revenue may be generated. Additionally, \$125,000 in application fees would be received upon application to transfer the five (5) licenses to another county.