

Fiscal Estimate Narratives

DOR 11/28/2011

LRB Number	11-2909/1	Introduction Number	SB-276	Estimate Type	Original
Description Municipal quotas for retail intoxicating liquor licenses					

Assumptions Used in Arriving at Fiscal Estimate

Current law prohibits a person from selling alcohol beverages unless the seller possesses a license or permit authorizing the sale. A "Class B" license authorizes the retail sale of intoxicating liquor for consumption on the licensed premises and, subject to a municipal ordinance and certain limitations, for consumption off the licensed premises.

Current law imposes a quota on the number of "Class B" licenses that a municipality may issue which is determined by a formula based on the number of licenses already issued and the municipality's population. Current law provides quota exceptions for a full-service restaurant with a seating capacity of 300 or more persons. Current law also provides an exemption for a hotel with 50 or more rooms with a restaurant or banquet room meeting certain criteria. A Class B" license quote exemption is also provided for certain opera houses and theaters and is limited to consumption of alcohol beverages on the premises and only in connection with ticketed performances.

This bill modifies the existing quota exception for full-service restaurants. The bill creates a definition of "full-service restaurant" as an establishment, regardless of seating capacity, where meals are prepared, served, and sold for consumption on the premises and in which the sale of alcohol beverages accounts for 50 percent or less of the establishment's gross receipts. A "Class B" license issued under this exception authorizes the sale of intoxicating liquor only for consumption on the premises. Moreover, the bill prohibits the holder of a "Class B" license, other than one issued under this exception, from surrendering the license and applying for a new license under this exception.

This bill will not have any significant effect on the Department of Revenue's (DOR's) administrative costs and operations.

Issuing a license under the quota exemption as authorized by this bill would generate a minor increase in local revenues and possibly a small increase local government costs. DOR does not have information to determine the magnitude of these costs but anticipates that these costs will vary by municipality and will be relatively minor.

Long-Range Fiscal Implications