

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19a1205/1
 Introduction Number AA1-AB869

Description
 creating a private event venue permit issued by the Department of Revenue; the issuance by the Department of Revenue of retail alcohol beverage permits for motor vehicle racetrack grounds and for the state fair park; authorizing caterers to make retail sales of alcohol beverages on racetrack grounds; closing hours for certain alcohol beverage retailers and wineries and hours for retail sales by brewers; and providing a penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations Increase Existing Revenues
 - Decrease Existing Appropriations Decrease Existing Revenues
 - Create New Appropriations
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
 - Decrease Costs

Local:

- No Local Government Costs
 - Indeterminate
 - 1. Increase Costs 3. Increase Revenue
 - Permissive Mandatory Permissive Mandatory
 - 2. Decrease Costs 4. Decrease Revenue
 - Permissive Mandatory Permissive Mandatory
5. Types of Local Government Units Affected
- Towns Village Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS 20.566(1)

Agency/Prepared By	Authorized Signature	Date
DOR/ Momodou Bah (608) 266-8133	Jamie Adams (608) 266-6785	2/21/2020

Fiscal Estimate Narratives
DOR 2/21/2020

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Assumptions Used in Arriving at Fiscal Estimate

This estimate pertains to AB 869 as modified by Assembly Amendment 1. This bill authorizes DOR to issue retail alcohol beverage permits for motor vehicle racetrack grounds and for the state fair park. This bill authorizes caterers to make retail sales of alcohol beverages on racetrack grounds. The bill further establishes hours during which brewers may not make retail sales of alcohol beverages and makes changes relating to the retail sales hours of wineries. This bill also creates an exception allowing municipalities to authorize extended closing hours for alcohol beverage retailers, wineries, and brewers during the time that the 2020 Democratic National Convention is held in Milwaukee (from July 13 to July 17, 2020).

NEW RETAIL PERMITS ISSUED BY DOR

The department estimates that the bill will result to a very modest increase in liquor permit revenues and no tangible impact on state excise tax collections.

RETAIL SALES BY CATERERS OFF LICENSED PREMISES

The provision is not expected to increase general fund alcohol tax collections.

EXTENDED CLOSING HOURS DURING 2020 DEMOCRATIC NATIONAL CONVENTION

Extended closing hours for alcohol beverage retailers, wineries, and brewers during the time that the 2020 Democratic National Convention is held in Milwaukee would effectively create an additional day of sales for the bars. Sales and excise tax collections may increase to the extent the sales of alcohol increases compared to current law. The impact of the extended hours will depend on the number and size of municipalities that allow the extended hours and the number of size of businesses that opt to remain open. The following is an illustrative example for Milwaukee County drinking establishments.

Milwaukee County's July 2019 county sales tax collections for drinking places (NAICS 722410) totaled \$73,735. At the 0.5% county sales tax rate, this suggests taxable sales of \$14.75 million over the month, an average of \$476,000 per day. Assuming the convention results in one "additional average July day" of alcohol sales the impacts are as follow:

\$23,800 in sales tax for the state and
\$2,380 in county sales tax for Milwaukee County

The July 2019 excise tax revenues statewide for beer, liquor, wine and cider was \$830,000, \$5.35 million, \$350,00, and \$7,000 respectively. The July daily average excise tax revenue statewide is therefore \$211,000. If Milwaukee County contributed the same share of the revenue as its drinking age population (21 years and older, 680,908) is to the state's drinking age population (21 years and older, 4,322,872), the excise tax revenues attributed to Milwaukee is 16% of the total which is about \$34,000.

When the DNC was held in Philadelphia in 2016, revenue from the city's liquor-by-the-drink tax increased 35 percent in August (which reflects spending that would have taken place during the convention in July). Assuming Milwaukee observes the same increase in sales during the DNC, excise tax revenue will increase to about \$46,000 (\$34,000 x 1.35%).

There may be some permissive increase in local government costs to cover additional law enforcement activities resulting from the extending hours at establishments serving alcohol.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The department can absorb the related costs		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$see text	\$

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Date

2/21/2020