

Fiscal Estimate Narratives

DOR 10/14/2009

LRB Number	09-0485/1	Introduction Number	AB-0466	Estimate Type	Original
Description Municipal quotas for retail intoxicating liquor licenses					

Assumptions Used in Arriving at Fiscal Estimate

Current law prohibits selling alcohol beverages at retail unless the seller possesses a license or permit authorizing the sale. A "Class B" license authorizes the retail sale of liquor for consumption on the premises and, subject to various limitations, the retail sale for consumption off the retail 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 previously issued and the municipality's population.

Several exceptions to the quota system have been enacted. Current law provides a quota exception for a full-service restaurant that has a seating capacity of 300 or more persons. Current law also provides a quota exception for a hotel that has 50 or more rooms and that has a restaurant or banquet room meeting specified criteria. In addition, current law provides a quota exemption for certain opera houses and theaters in connection with ticketed performances.

Under current law, each municipality establishes an annual fee, between \$50 and \$500, for a "Class B" license. Current law does not specify a minimum or maximum initial issuance fee or annual fee for "Class B" licenses issued under any quota exception.

The bill modifies the existing quota exemption for a full-service restaurant with a seating capacity over 300 by providing, instead, an exception for a full-service restaurant of any seating capacity where "full-service restaurant" is defined as an establishment where meals are prepared, served, and sold for consumption on the premises, provided that 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. The bill prohibits a person holding a "Class B" license, other than one issued under this exception, from surrendering that license and applying for a new license under this exception. The bill further prohibits a license issued under this exemption that is later surrendered to the issuing municipality from being reissued to any applicant other than a full-service restaurant.

Issuing the license under the quota exemption created by this bill would generate a minor increase in local revenues and possibly a small increase in local government costs.

The bill has no state fiscal effect.

Long-Range Fiscal Implications