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FISCAL IMPACT REPORT

SPONSOR: Campos DATE TYPED: 03/08/01 HB _____
 SHORT TITLE: Amend Liquor Control Act SB 441
 ANALYST: Valdes

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			See Fiscal Implications Below	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	See Fiscal Implications Below	See Fiscal Implications Below	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Alcohol and Gaming Division, Regulation and Licensing Department

SUMMARY

Synopsis of Bill

Senate Bill 441 amends sections of the Liquor Control Act to provide for the disapproval of the issuance or renewal of a retailer's, dispenser's or restaurant license if an applicant does not have proof of financial responsibility. Additionally, it creates a new section of the Liquor Control Act to outline proof of financial responsibility.

Significant Issues

The Director is authorized to approve form of financial responsibility in an amount of not less than one hundred twenty thousand dollars (\$120.0) which can be in the form of cash, unencumbered securities, a policy of liquor liability insurance, a constant value bond executed by a surety company or other valid security instrument. Proof of financial responsibility prior to the issuance of or renewal of dispenser, retailer and restaurant licenses is not required under present statutes.

Because restaurant licenses do not have a property value, rather are issued and renewed annually, proof of financial responsibility in an amount of not less than \$120,000 may impact the decision to apply for a restaurant license thus a reduction in the number of applications for restaurant licenses is anticipated. This reduction would significantly reduce the application fees, license and renewal fees that currently are deposited in the State's general fund.

PERFORMANCE IMPLICATIONS

This bill may impact the division's performance measures in reducing cycle times for processing an application.

FISCAL IMPLICATIONS

The fiscal impact of this bill are unknown, however, they may be significant. Prior to the issuance of or renewal of a dispenser, retailer or restaurant liquor license, proof of financial responsibility must be provided to the division. The division, therefore, would be required to maintain these records. Additionally, the division would have to audit licensees in order to verify proof of existing financial responsibility or hire an independent auditor to perform this task. At least one FTE together with office space, equipment and supplies would be required to perform these duties.

Additional hearings to suspend or revoke the license of those persons who do not provide proof of financial responsibility would be required. This would have a significant impact on the agency's budget as hearings must be held in the county in which the license is operated.

Because restaurant licenses do not have a property value, rather are issued and renewed annually for \$1,000, the proof of financial responsibility in an amount of not less than \$120,000 may impact the decision to apply for a restaurant license thus a reduction in the number of applications for restaurant licenses is anticipated. This reduction would significantly reduce the application fees, license and renewal fees that currently are deposited in the State's general fund.

ADMINISTRATIVE IMPLICATIONS

At least one FTE together with office space, equipment and supplies would be required to perform these duties. (See Fiscal Implications.)

MV/ar