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FISCAL IMPACT REPORT

ORIGINAL DATE 02/14/13
 SPONSOR Griego LAST UPDATED 02/28/13 HB _____
 SHORT TITLE Alcohol Tasting Permits SB 424/aSJC
 ANALYST Weber

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|--------|--------|---------------------------------|------------------|
| FY13 | FY14 | FY15 | | |
| | \$23.0 | \$23.0 | Recurring | General Fund |

(Parenthesis () Indicate Revenue Decreases)

Companion to HB 504

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

Department of Public Safety (DPS)

SUMMARY

Synopsis of SJC Amendment

The SJC amendment:

1. Adds cider to the list of items approved for tastings.
2. On page 2, line 15 after the period add another sentence. "Upon receipt of notification, the director shall forward the notice to the appropriate staff member of the special investigations division of the department of public safety."

Item 2 allows for the proper enforcement authority to be aware of the tasting.

Synopsis of Original Bill

Senate Bill 424 is a new provision under the Liquor Control Act. This new section would allow permits to be issued by the Alcohol and Gaming Division (AGD) for third party tastings to be conducted on the licensed premises of dispenser's, retailer's, resident manufacturer's, non-resident manufacturer, wholesaler's or winegrower's or an agent of any such licensed entity.

Holders of a tasting permit would be allowed to serve wine, beer or spirituous liquor in accordance with rules promulgated by the Director of the AGD.

The persons serving the tastes would have to be certified servers under the Liquor Control Act. The permit would be valid for one year and cost \$100. Notification of any tasting event must be given to the AGD at least 48 hours prior to the event.

FISCAL IMPLICATIONS

The RLD reports there are 2,300 licensees eligible for the tasting permit. If half chose to obtain a permit the associated annual revenue would be \$23 thousand.

SIGNIFICANT ISSUES

The RLD comments:

The bill allows for two licenses to operate in one location by issuing a permit. There is no limit to the amount of tastings covered under these permits. The bill would allow unlimited tastings to occur at licensed premise for a nominal fee.

Furthermore, by not specifying that each licensee is limited to serving the same type of alcohol they are permitted to serve on their licensed premise, it appears that someone holding a winegrower's license could serve spirituous liquor at a tasting. This should probably be clarified.

This legislation could assist with the enforcement of the Liquor Control Act, as done by the DPS Special Investigations Division (SID), due to the fact that advanced notice of tasting events will be required to go to the AGD (and thereby SID), so that monitoring and compliance can be planned as needed.

TECHNICAL ISSUES

It should be noted that the bill does not address licensees who hold tasting events without first obtaining the required new permit and making the prescribed advanced notification.

MW/svb:blm