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## FISCAL IMPACT REPORT

SPONSOR: Lundstrom DATE TYPED: 2/17/03 HB 411  
SHORT TITLE: New and Transferred Liquor Licenses SB \_\_\_\_\_  
ANALYST: Maloy

### REVENUE

| Estimated Revenue |               | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|---------------|-------------------------|----------------------|---------------|
| FY03              | FY04          |                         |                      |               |
|                   | Indeterminate |                         | Recurring            | General Fund  |

### SOURCES OF INFORMATION

Responses Received From  
Attorney General's Office  
Regulation and Licensing Department, Alcohol and Gaming Division

### SUMMARY

#### Synopsis of Bill

House Bill 411 changes the process through which a liquor license is issued or transferred. Currently, the Director of the Alcohol and Gaming Division issues or transfers a license after holding a public hearing on a completed application.

HB411 proposes that the Director should assemble the application, and verify/certify its completeness, and thereafter forward the application to the local governing body where the licensed establishment is to be located.

The bill provides it shall be the responsibility of the local governing body to post notice of the pending license application and to hold a public hearing on the question of approval of the issuance or transfer of the license.

A local governing body's decision to disapprove an application must be supported by substantial evidence, *but general health and safety concerns of the community as a whole and not necessarily the specific location where the license is proposed to be transferred are sufficient to support a decision to disapprove issuance or transfer of the liquor license.*

If the local government does not approve issuance of the license, the State Alcohol and Gaming

Director shall not issue a license.

Significant Issues

1. This change in process may not be necessary in light of the *considerable voice local governing bodies enjoy under the current process*. Under the existing process, local governing bodies have the opportunity to present their case, and if their case has merit, to impact the application for licensure.

Currently, “local politics” are part of the process, but are balanced by the State Liquor Director authority and discretion to override the decision of a local governing body when the decision is not supported by substantial, relevant evidence.

2. If the licensing and transfer authority is divided among hundreds of small local governing bodies, it will inevitably result in inconsistent implementation and regulation. For uniformity and predictability, State administration is likely preferable.
3. The bill lacks sufficient due process for license applicants. The bill does not provide a mechanism for an applicant to challenge an arbitrary decision made by the local government. For example, the amended language in the bill provides that concerns regarding the community’s general health and safety are sufficient to support a denial.

**FISCAL IMPLICATIONS**

The amount of impact to the general fund is not known. If more applications are denied than are presently issued, fewer license and renewal fees will be collected.

**ADMINISTRATIVE IMPLICATIONS**

A significant portion of the work currently performed by the State’s Alcohol and Gaming Division would become the responsibility of local governing bodies. The division’s role would become primarily ministerial in nature.

**SJM/yr:njw**