

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **H.313 An act relating to miscellaneous amendments to alcoholic beverage laws – Senate Economic Development, Housing and General Affairs proposal of amendment**

<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Economic%20Development/Bills/H.313/Drafts,%20Amendments%20and%20Legal%20Documents/H.313~Tucker%20Anderson~As%20Recommended%20by%20the%20Senate%20Committee%20on%20Economic%20Development,%20Housing%20and%20General%20Affairs~4-27-2021.pdf>

#### **Bill Summary**

The bill proposes changes to alcoholic beverage laws including, but not limited to, a provision to allow municipalities to charge a \$50 processing fee for stand-alone third class licenses, a provision setting the 3<sup>rd</sup> class license fee for manufacturer's/rectifiers at \$230, policy provisions pertaining to sale of alcoholic beverages for off-premise consumption and festival permits, and a provision that would exempt clubs, as defined in 7 V.S.A. §2, from first- and third-class license fees for calendar year 2021. The bill also proposes two studies relating to the sports betting market and to the sale of alcoholic beverages for off-site consumption. The effective date would be July 1, 2021, except for the fee exemption for clubs, which would be effective upon passage.

#### **Fiscal Summary**

##### Sec. 1

*Local Processing Fee* – According to the VT Dept. of Liquor and Lottery (DLL), there are approximately 150 stand-alone third-class licensees in a given year. If the municipalities were to charge each of those licensees the extra \$50 processing fee then the total new revenue going to municipalities would be \$7,500 per year.

*Manufacturer/Rectifier 3<sup>rd</sup> class fee* – According to DLL there are 21 current 3<sup>rd</sup> class licensees that are manufacturers/rectifiers. These entities currently pay the \$1,095 annual 3<sup>rd</sup> class license fee. The new fee of \$230 for these entities would result in revenue loss of approx. \$18,000 annually (\$10,000 Liquor Control Fund and \$8,000 General Fund).

Sec. 5 – Per the annual reports put out by the VT Dept. of Liquor and Lottery, there are approximately 95 clubs that receive first and/or third class licenses each year. This number dipped during the 2019-20 licensing year to 83 licensees, presumably due to pandemic-related business interruptions. This fiscal note assumes that the number of licensees would bounce back to 90.

Under current law, first-class licensing revenues are split 50% to the Liquor Control Fund and 50% to municipalities. Third-class licensing revenues are split 55% to the Liquor Control Fund and 45% to the General Fund. The first-class license fee is \$230, and the third-class license fee is \$1,095 for a full year and \$550 for a half year.

If these 90 licensees were exempt from all first- and third-class fees in calendar year 2021 then the State revenue loss would be approximately \$105,000. Approximately \$45,000 of this revenue loss would impact the General Fund and \$60,000 would impact the Liquor Control Fund. This impact would be primarily in state FY2021.

Municipalities would lose approximately \$10,000 from the first-class license fee exemption.