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S.B. 102
134th General Assembly

Fiscal Note & Local Impact Statement

[Click here for S.B. 102's Bill Analysis](#)

Version: As Reported by House Commerce and Labor

Primary Sponsor: Sen. Roegner

Local Impact Statement Procedure Required: No

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Highlights

- The bill modifies provisions related to local option elections for sales of alcohol by allowing these elections to occur during special elections when there are no candidates on the ballot. This could result in additional election costs to county boards of elections. However, the magnitude of these costs would likely be minimal.
- The bill removes the requirement that F permit holders (a temporary permit for sales of beer or intoxicating spirits for onsite consumption at charity events, festivals, and other such events) acquire a D-6 permit allowing for Sunday sales under certain circumstances. This may result in some loss of permit revenue to the Division of Liquor Control.
- The bill revises the population requirements for designated outdoor refreshment areas (DORAs), and expands the number of DORAs permitted in a political subdivision. This could result in some minimal administrative costs to the Division of Liquor Control within the Department of Commerce for processing additional DORA applications.
- The bill makes modifications to the law pertaining to home brewers and liquor permits. These changes do not appear to have an impact on liquor permits, permit revenues, or additional costs to the Division of Liquor Control.

Detailed Analysis

Local option elections

The bill makes modifications to the law pertaining to local option elections for permitting establishments or Sunday sales of alcohol. Some of these changes appear to result in new or additional costs to political subdivisions. The most significant of these changes specifies that local option elections are permitted to be held during a special election, regardless of whether or not

there are candidates on the ballot for that election. Current law requires local option questions to appear on the ballot of a primary or general election where there are candidates for office on the ballot. Because of this, the direct election costs related to a local option question are only those related to ballot advertising requirements and the costs of adding the local option question to the ballot. During the November 3, 2020 general election, there were 141 local option questions on the ballot. It would not appear as though the changes in the bill would result in a substantial number of such local option questions appearing on a special election ballot rather than primary or general election ballots.

By making the special election change in the bill, it is possible that a county board of elections may have to conduct a special election for the sole purpose of a local option question. Overall, the per-precinct costs of conducting an election varies based upon the precinct location and number of voters in that precinct. Typically, these costs vary from between \$800 to \$1,000 per precinct in rural precincts to approximately \$1,600 to \$2,000 for urban precincts. The costs attributable to a local option question would only constitute a small portion of the overall per-precinct costs under current law. Local option questions in most cases only encompass a single voting precinct. It should be noted that it would appear that there would be very few instances in which a county board of elections would be required to hold a special election solely for the purposes of a local option question. In such instances, the board would be able to charge a majority of those costs back to the petitioners.

Sunday sales for F permits

The bill makes modifications to the law pertaining to Sunday sales of alcohol for F permit holders, which are temporary permits allowing for the sales and onsite consumption of beer and intoxicating liquor. The bill removes the requirement that these permit holders acquire a D-6 permit (Sunday sales permit) during the time the F permit is active, if (1) Sunday sales are already permitted in the precinct or location where the event is held, and (2) the permit is issued for other days of the week in addition to Sunday.

This change may result in some revenue loss to the Division of Liquor Control, depending on the number of F permit holders that fall under the circumstances described in the bill. Overall, there were 912 F permits issued in calendar year 2020. The permit fee for a D-6 permit varies depending on the type of entity requesting it, and ranges from \$400 to \$500. Liquor permits are issued by the Division of Liquor Control within the Department of Commerce. Liquor permit revenue is deposited into the Undivided Liquor Permit Fund (Fund 7066). That permit revenue is subsequently distributed as follows: 45% to the State Liquor Regulatory Fund (Fund 5LP0), which is used by both the Division of Liquor Control and the Liquor Control Commission; 35% to local government entities where a liquor permit establishment exists; and 20% to the Statewide Treatment and Prevention Fund (Fund 4750), used by the Department of Mental Health and Addiction Services.

Outdoor refreshment areas

The bill modifies the population parameters for designated outdoor refreshment areas (DORAs), as well as increases the number of allowable DORAs in each population category (see LSC bill analysis for new population levels). Overall, these changes would increase the number of allowable DORAs in a specific area. There are currently 28 DORAs that have been issued a permit by the Division of Liquor Control within the Department of Commerce. The Division does not

require a permit fee to establish a DORA. However, the Division does require a political subdivision to submit required documentation that it meets the current DORA criteria. Therefore, it is possible the Division could have to process some additional DORA permit applications or permit modifications. Any related administrative costs would likely be negligible and paid from the State Liquor Regulatory Fund (Fund 5LP0).

Home brewers

The bill allows a home brewer to brew beer or a wine maker to ferment wine without first obtaining the necessary liquor permits (A-1c, A-2, A-2f, D-4). Specifically, it contains provisions related to the manufacturing, serving, and hosting of events in which home-brewed beer or home-fermented wine are present and where no liquor permit is needed. Events where these products are available are not permitted to be open to the public. The bill further allows a brewpub, microdistillery, or winery to host a home brewer event if these entities suspend their permit privileges in the area where the event is held and the entity informs the Division of Liquor Control that it is hosting the event within ten days of the event.

The bill also specifies that a home brewer, or the home brewer's designee, may transport homemade beer or wine fermented by the home brewer without the required H permit. Overall, these provisions would likely impact a small number of home beer brewers and wine makers, most of whom currently do not or would not have acquired a liquor permit under current law. Consequently, the provisions of the bill would result in no more than a negligible loss of liquor permit revenue, if any at all.

Other provisions

The bill contains numerous other provisions pertaining to the age of alcohol servers; charitable organizations giving alcohol away as door prizes, raffle prizes, or items for bid in a silent auction; the use of gift cards for purchases of alcohol; extends the temporary law duration pertaining to sales areas of permit premises; and hours of operation for D-5 permit holders and hours of operation for Sunday sales. The bill also modifies the number of petition signatures required to place a Sunday sale of alcohol special election question on the ballot. Specifically, the bill changes the petition signature requirement from 35% of the people who voted in the last gubernatorial election under current law to 50 people. These provisions do not appear to have any fiscal impact on the state or political subdivisions, and a detailed explanation of the content can be found in the LSC bill analysis.