



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0849 - Revise alcohol and gaming law relating to county all-beverages licenses (Sprunger, Courtenay )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$423,057	\$305,886	\$172,136	\$0
<b>Net Impact-General Fund Balance:</b>	\$423,057	\$305,886	\$172,136	\$0

**Description of fiscal impact:** HB 849 allows certain county all-beverage licenses to be reclassified as a city all-beverage license. The bill limits the reclassified licenses to occur in counties where (1) all incorporated cities/towns in the county experienced a 5% population growth from 2016 to 2021, (2) there was an overlapping quota boundary with another incorporated city/town, (3) no more than six county all-beverage licenses can be reclassified in a county and shall be allocated to the incorporated cities/towns within the county proportionately based on population. Competitive bidding would be used to determine who can apply for the licenses; these bids are estimated to increase general fund revenue by \$423,057 in FY 2024, \$305,886 in FY 2025, and \$172,136 in FY 2026.

### FISCAL ANALYSIS

**Assumptions:**

1. HB 848 allows county all-beverage licenses to be reclassified as a city all-beverage license if they meet certain requirements.
2. To be reclassified, all incorporated cities/towns within the county must have experienced a 5% population growth from 2016 to 2021.
3. Reclassified licenses can only be placed in an incorporated city/town of the county that had an overlapping quota area boundary with another incorporated city/town.
4. A maximum of six county all-beverage licenses can be reclassified in a county and shall be allocated to the incorporated cities/towns within the county proportionately based on population.

5. This bill requires the Department of Revenue to conduct competitive bidding opportunities to determine who can apply for the licenses and sets the minimum bid at 25% of the market value of the all-beverage licenses within the incorporated city/town.
6. The reclassified licenses are not transferrable, not eligible to enter concession agreements, not eligible to obtain a catering endorsement, not able to offer gambling.
7. The bill limits a person to have ownership interest in only one of these licenses.
8. Reclassified licenses revert back to county licenses if the licensee chooses to no longer operate the license or places the license on nonuse for more than one year.
9. There are eight counties that have incorporated cities/towns that have overlapping quota area boundaries.
10. Only Flathead County with incorporated cities of Whitefish, Columbia Falls, and Kalispell would qualify as it is the only county in which all incorporated cities/towns within the county increased in population by 5% from 2016 to 2021.
11. The table below shows how the alcoholic beverage control division would allocate the available county licenses along with the minimum bid amounts that would be set:

City	Number of Licenses Allocated	Minimum Bid Amount per License
Kalispell	3	\$172,136
Whitefish	2	\$133,750
Columbia Falls	1	\$117,171

12. These licenses would be offered for competitive bid as follows: for Kalispell, one license per year in FY 2024 through FY 2026; for Whitefish, one license per year in FY 2024 and FY 2025; for Columbia Falls, one license in FY 2024.
13. Assuming that the minimum bid is received for each of these reclassified licenses, general fund revenue would increase by \$423,057 in FY 2024, \$305,886 in FY 2025, and \$172,136 in FY 2026.
14. This bill would create no additional costs to the Department of Revenue.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>\$423,057</u>	<u>\$305,886</u>	<u>\$172,136</u>	<u>\$0</u>
TOTAL Revenues	<u>\$423,057</u>	<u>\$305,886</u>	<u>\$172,136</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	<u>\$423,057</u>	<u>\$305,886</u>	<u>\$172,136</u>	<u>\$0</u>
<i>Sponsor's Initials</i>	<i>3-22-23</i> Date	<i>[Signature]</i> Budget Director's Initials	<i>3-22-23</i> Date	