



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0958 - Creating county recreation all-beverages licenses (Buttrey, Edward)

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" 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>
Expenditures:				
General Fund	\$1,065,950	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$126,250	(\$14,400)	(\$14,400)	(\$14,400)
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$939,700)</u>	<u>(\$14,400)</u>	<u>(\$14,400)</u>	<u>(\$14,400)</u>

Description of fiscal impact: HB 958 creates county recreation districts and county recreation district all-beverage service permits. The bill lays out the requirements and application process as well as application fees and renewal fees. There would be a reduction in revenue from annual renewal fees each year beginning in FY 2025 due to some resort areas switching to the recreation district classification in this bill. System changes to implement this bill would cost the Department of Revenue \$940,950 in FY 2024.

FISCAL ANALYSIS

Assumptions:

1. HB 958 creates county recreation districts and county recreation district all-beverage service permits.
2. The bill requires application to be submitted to the Department of Revenue for the new county recreation district classification; application fees would be \$250.
3. To qualify for the county recreation district classification, the county recreation district must not be located within a city quota area, be under the ownership or control of one entity, contain at least 125 contiguous acres of land, and have at least \$10 million in real property investments at the time of the application.

4. The bill requires the Department of Revenue to schedule a public hearing within 10 days after receiving the application.
5. If a county recreation district application is approved, the applicant has five years from the date of approval to demonstrate substantial progress on completing the improvements and amenities and obtain at least one county recreation district retail all-beverages service permit.
6. The bill allows a county recreation district to have up to 30 service permits issued. Retailers must apply for permits with the following fee structure:

Number of Permits	Application Fee
1 to 3 permits	\$25,000
4 to 10 permits	\$500,000
11 to 30 permits	\$1,000,000

7. The Department of Revenue may revoke the county recreation district approval if completion provisions are not met or if no permits have been issued within five years. A district may reapply for district classification.
8. The bill requires that a county recreation district must be operated under a county recreation district retail all-beverages license and service permits are considered an extension of the license.
9. It is assumed that the entity that applies for the county recreation district retail all-beverages license will be the same entity that applies for all of the service permits.
10. These new licenses and permits are not subject to quotas.
11. The bill would allow up to 20 gambling machine permits in each county recreation district.
12. The bill allows approved service permits to apply for a delivery endorsement to deliver alcoholic beverages to guests of accommodation units and to homes within the district and to pre-stock alcoholic beverages in accommodation units and homes within the county recreation district. The delivery endorsement application fee is \$100.
13. The bill allows county recreation district service permit holders to enter into one concession agreement for each permit.
14. The bill allows alternate storage facilities that approved permit holders may use to transfer alcoholic beverages to other licensees and permit holders; the alternate storage application fee is \$100.
15. The bill allows for curbside pickup for approved permit holders.
16. The bill clarifies any proposed penalties go towards the permit holder and not to the county recreation district.
17. The bill authorizes the Department of Revenue to issue violations
18. The bill allows an existing resort area with one or more resort all-beverage licenses to switch to a county recreation permit. The resort area licensee would be able to surrender their resort license in exchange for a non-refundable credit equal to the original license cost (\$20,000 or \$100,000) per resort all-beverage license.
19. The Department of Revenue estimates five resort areas meet the requirements to qualify and would choose to switch to this new classification.
20. Application fees for five new recreation district applications at \$250 each would increase revenue by \$1,250 the first year.
21. These five resort areas currently have a total of nine resort all-beverage licenses that they would be surrendering. There are no more than three licenses within any district.
22. For surrendering their nine resort all-beverage licenses, the licensees would receive non-refundable credits totaling \$900,000.
23. Because there are no more than three licenses currently in these resort areas converting to recreation districts, the permit applications would be \$25,000 per district, totaling \$125,000 in application fees.
24. The total amount of application fees is less than the total amount of credits for surrendering the resort all-beverage licenses; it is assumed that the net impact between the credits and the application fees would be \$0.

If the recreation districts were to apply for more permits in the future, it is assumed they could use the remaining credit amount to go toward the application fees.

25. It is assumed that the entity surrendering a resort license would be the entity to receive the credit and that the credits are nontransferable.
26. The renewal fee for a resort license is \$2,000 per license, which would total \$18,000 annually for the nine resort license fees under current law.
27. The renewal fees for the new recreation district permits would be \$400 annually, totaling \$3,600 annually for the nine new permits.
28. The difference in annual renewal fees would result in a decrease of \$14,400 in general fund revenue each year.
29. To implement this bill, there would need to be system updates to manage the new initial application process, licensing process, and subsequent permitting within each district.
30. Developing the new license type and structure would cost the Department of Revenue \$940,950 in FY 2024.

	<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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$940,950	\$0	\$0	\$0
Transfers	\$125,000	\$0	\$0	\$0
TOTAL Expenditures	<u>\$1,065,950</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,065,950	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$1,065,950</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$126,250	(\$14,400)	(\$14,400)	(\$14,400)
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$126,250</u>	<u>(\$14,400)</u>	<u>(\$14,400)</u>	<u>(\$14,400)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$939,700)	(\$14,400)	(\$14,400)	(\$14,400)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. The Department of Revenue would not be able to implement this bill on passage and approval because system changes would need to occur before implementation.
2. In the service permit application fee schedule, it is not clear whether the amount listed is the total permit amount for up to the specified number of permits, or if it is the fee per permit.
3. It is unclear if there is a timeframe for resort areas to convert to a recreation district and surrender their resort licenses in exchange for permit application credit.
4. It is assumed that the non-refundable credit would stay in the account forever or until the district has more permit applications; this might need some clarification.

5. Gambling law states you must have the appropriate alcoholic beverage license to qualify for gambling; this may not be feasible with these new recreation districts.
6. The bill holds the permit holder to the premises suitability statute except they may include one additional ancillary structure and contiguous outdoor service areas within the county recreation district; it is not clear what these ancillary structures must entail.
7. It is not clear if the one county recreation district all-beverages license requires a licensed premises or not.
8. There are various types of retail licenses, so it is unclear which laws would be applicable to these service permits.
9. Section 5(6) refers to beverages in sealed containers. That should be replaced with original packaging.
10. It is unclear whether amenities listed in the application for a county recreation district must be completed prior to any service permits being issued.
11. There is a definition for guest ranch included in the bill, but the term is not used anywhere in the bill other than a definition.
12. There is a definition for shooting sport facility included in the bill, but the term is not used anywhere in the bill other than a definition.
13. It is unclear if an area can remain a resort area and also be a county recreation district area if they surrender all of their resort licenses.
14. Section 5(8) says that penalties must be attributed to each permit holder as opposed to the recreation district licensee, but Section 7 indicates violations can be issued to the licensee, the concessionaire, the permit holder or all three which indicates the licensee could be penalized.
15. It is unclear how a permit would be transferred to another permit holder if all the permit holders are operating under one license, assuming they are all one entity.
16. If the permit holders can be different entities than the licensee, it is unclear who to assess the next level of fees to if multiple applications are received at the same time for the 4th and 11th permit.

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<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>