

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

FISCAL NOTE

Date: June 17, 2021

Prepared by: Daniel Dickerson

H.313 (Act 70) An act relating to miscellaneous amendments to alcoholic beverage laws – As passed by the General Assembly

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT070/ACT070%20As%20Enacted.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 3rd 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 3rd class fee – According to DLL there are 21 current 3rd class licensees that are manufacturers/rectifiers. These entities currently pay the \$1,095 annual 3rd 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.