

Individual State Agency Fiscal Note

Bill Number: 2714 HB	Title: Theater licenses	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Liquor Revolving Account-State 501-1		185,600	185,600	371,200	371,200
Total \$		185,600	185,600	371,200	371,200

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	2.2	1.1	0.6	0.6
Account					
Liquor Revolving Account-State 501-1	0	228,947	228,947	140,134	140,134
Total \$	0	228,947	228,947	140,134	140,134

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Thamas Osborn	Phone: 360-786-7129	Date: 01/12/2018
Agency Preparation: Colin O'Neill	Phone: (360) 664-1675	Date: 01/17/2018
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/17/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/17/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1(1) of the bill amends RCW 66.24.655 by reducing the requirements for a theater to be issued a spirits, beer, and wine theater license. This section would remove the one hundred twenty seats per screen limit and requirement to provide tabletop accommodations for in-theater dining.

Section 2 would remove the 4-screen maximum limit for movie theaters to have the beer/wine theater license. This license is \$400 per year.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This bill (HB 2714) is identical to Substitute SB 5161 from the 2017 session. Substitute SB 5161 merged two earlier 2017 session bills – SB 5161 (spirits/beer/wine theaters) was merged with SB 5229 (beer/wine theaters). The agency assumed the higher number of theaters from the fiscal note for SB 5229 (200 applicants) vs SB 5161 (180 applicants), and assumed 1/3 of the original beer/wine applicants would now want spirits/beer/wine theaters instead. The annual fee for the spirits, beer, and wine license is \$2,000 and the annual fee for the beer and wine theatre license is \$400.

Assumptions:

- 200 applications for a theater license
- Two-thirds (134) of the applications would be received for the beer and wine theatre license
- One-third (66) of the applications would be received for the spirits, beer and wine theatre license

Cash Receipt Impact:

The annual revenue estimate for the beer/wine theaters would be \$53,600 (134 x \$400).

The annual revenue estimate for the spirits/beer/wine theaters would be \$132,000 (66 x \$2,000).

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Assuming 200 new licensees result from the passage of this legislation (see cash receipts section for licensee assumptions):

Licensing Division:

A Licensing Specialist (LS) can investigate 12.5 applications per month and a Customer Service Specialist 2 (CSS2) takes approximately 60 minutes to process and issue the license. Based on the number of assumed new applicants, the one-time costs would be \$131,185 in FY19:

-1.5 FTE's - Licensing Specialist - \$108,180 in salaries and benefits, \$4,125 in associated costs, and one-time FY19 costs of \$12,510 in equipment setup.

-0.1 FTE - Customer Service Specialist 2 - \$6,263 in salaries and benefits, \$107 in associated costs.

Enforcement Division:

Note: The LCB Enforcement Division utilizes a methodology called “Field Increments” (also known as “FI”) when determining the workload impact of an enforcement activity. Enforcement officers spend portions of their time driving, training, being in the office, and taking leave. Time spent in these activities is time that an officer is unavailable for field work directly engaging in activities such as premise checks, inspections, and investigations. Field increments are the amount of time that it takes to do an activity in the field. Each FI is 1/10th of an hour (6 minutes). For example, if a tavern premise check takes 2 FI’s and two officers, it is anticipated that one check will consume 4 FI’s (24 minutes of field work time - 2 FI’s x 2 officers x 6 minutes). Using historical data, the Enforcement Division has determined that an officer is available for 4,220 FI’s each year.

The Enforcement Division assumes that the workload impact of doing premise checks, complaint investigations, education and compliance would be 0.6 FTE of LCB Enforcement Officer 2 (LEO2). Please see the attached "2714 HB Theater Licenses Field Increment Calculator" for the assumed workload impacts.

The ongoing annual costs for the workload impact would be \$60,137 in salaries and benefits, and \$9,930 in associated costs. Onetime costs in FY19 of \$27,695 would be for equipment setup.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		2.2	1.1	0.6	0.6
A-Salaries and Wages		121,006	121,006	84,384	84,384
B-Employee Benefits		53,574	53,574	35,890	35,890
C-Professional Service Contracts					
E-Goods and Other Services		20,339	20,339	6,324	6,324
G-Travel		10,696	10,696	13,392	13,392
J-Capital Outlays		23,332	23,332	144	144
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$228,947	\$228,947	\$140,134	\$140,134

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Customer Service Specialist 2	41,856		0.1	0.1		
LCB Enforcement Officer 2	70,320		0.6	0.3	0.6	0.6
Licensing Specialist	49,752		1.5	0.8		
Total FTEs			2.2	1.1	0.6	0.6

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Licensing Program (050)		131,185	131,185		
Enforcement Division (060)		97,762	97,762	140,134	140,134
Total \$		228,947	228,947	140,134	140,134

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

2714 HB Theater licenses - Enforcement Field Increment (FI) Calculator

Spirits/Beer/Wine Theater Licenses

<u>66 new locations</u>	Number of events	Time Factor	Staffing Factor	FI Total
Premises Checks	99	3	1.3	386.1
Complaint Investigations Liquor	9	10	1.3	117
Non RVP Member Support and Education	14	7	1	98
On Premises Compliance Check	10	2	2	40
On Premises Compliance Re-Check	1	2	2	4
On Premises Compliance Check Failure	1	5	2	10
Undercover Operations	7	5	4	140
Retail Liquor Final Inspections	7	5	1	35

Total FI's 830

Total Field Increments per FTE 4,220

FTE's required 0.20

Round .2 FTE

Beer/Wine theater licenses

<u>134 new locations</u>	Number of events	Time Factor	Staffing Factor	FI Total
Premises Checks	201	3	1.3	783.9
Complaint Investigations Liquor	18	10	1.3	234
Non RVP Member Support and Education	27	7	1	189
On Premises Compliance Check	21	2	2	84
On Premises Compliance Re-Check	3	2	2	12
On Premises Compliance Check Failure	3	5	2	30
Undercover Operations	14	5	4	280
Retail Liquor Final Inspections	14	5	1	70

Total FI's 1,683

Total Field Increments per FTE 4,220

FTE's required 0.40

Round up .40 FTE

Notes

Frequency

<u>New Locations</u>	
# of Premise checks per year	1.5
Non RVP Member Support and Education	20%
Complaint Investigations	13%
On Premises Compliance Check	15%
Undercover Operations	10%
Retail Liquor Final Inspections	10%