

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1803 HB	<b>Title:</b> Specialty shop endorsement	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Liquor Revolving Account-State 501-1	16,800	16,800	33,600	33,600	33,600
<b>Total \$</b>	16,800	16,800	33,600	33,600	33,600

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.1	0.2	0.1	0.1
<b>Account</b>					
Liquor Revolving Account-State 501-1	122,292	12,286	134,578	24,572	24,572
<b>Total \$</b>	122,292	12,286	134,578	24,572	24,572

### 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.

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## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Section 1(1b): There is an endorsement available to the beer and/or wine specialty shop license, for a cost of \$100 per year, authorizing the holder to sell the following amounts of beer or wine to a customer per day for on-premises consumption:

- (i) Two glasses of wine;
- (ii) Two glasses, open cans, or open bottles of beer or strong beer; or
- (iii) One glass of wine and one glass, open can, or open bottle of beer or strong beer.

Section 1(1c): Any person selling or serving wine, beer, or strong beer for on-premises consumption in accordance with (b) of this subsection must obtain a class 12 or class 13 alcohol server permit.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

Section 1(1b): There is an endorsement available to the beer and/or wine specialty shop license, for a cost of \$100 per year, authorizing the holder to sell specified amounts of beer or wine to a customer per day for on-premises consumption.

The Board estimates that 168 (25% of existing specialty shop licensees) would apply for the endorsement.  $168 \times \$100 = \$16,800/\text{yr}$ .

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

#### ASSUMPTIONS:

Section 1(1b): There is an endorsement available to the beer and/or wine specialty shop license, for a cost of \$100 per year, authorizing the holder to sell specified amounts of beer or wine to a customer per day for on-premises consumption.

The Board estimates that 168 (25% of existing specialty shop licensees) would apply for the endorsement.

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#### BOARD DIVISION:

The Washington State Liquor and Cannabis Board ("Board") is currently in the middle of a project to upgrade the agency's internal licensing and enforcement systems. The Licensing, Enforcement, Education, and Administrative Data Systems (LEEADS) is expected to go live July 1, 2024. There are change request costs associated with this legislation that will have to be submitted to the vendor. The estimated costs for these change requests is \$75,000 in FY24. Some examples of changes needed follow:

- An endorsement (beer and/or wine specialty shop endorsement) that can be applied for if a licensee already has a beer and/or wine specialty shop license type(s).
  - This will have a fee of \$100
  - Annual renewal for endorsement that will be renewed at time of license renewal.

These changes will need to be made during the implementation of the SMP project through project change controls.

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LICENSING DIVISION:

The agency anticipates needing the following to process the applications for the endorsement.

0.1 FTE Customer Service Specialist 3 - \$7,477 (\$7,370 salary/benefits, \$107 in associated costs).

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ENFORCEMENT DIVISION:

The Washington State Liquor and Cannabis Board ("Board") keeps detailed statistics on all of its enforcement activities and tracks this activity using a unit of measure called a Field Increment (FI). All direct enforcement activities such as premise checks, inspections and investigations are tracked to determine how many FI's are needed to accomplish each activity. Each FI is equivalent to 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. Using historical data to factor out indirect activities such as driving time, training, office time and leave, it has been determined that officers are available for an average of 4,220 FI's each year.

The agency's Enforcement division workload impact will require 0.1 FTE LCB Enforcement Officer 2 (LEO2). See attached "1803 HB Specialty shop endorsement - Enforcement Field Increment Calculator.pdf" for details. The bulk of the officer workload will be to provide education and conduct premise checks.

0.1 FTE LCB Enforcement Officer 2 - \$12,286/yr (\$10,700 salary/benefits, \$1,586 in associated costs).

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INFORMATION TECHNOLOGY DIVISION:

The agency will have IT costs in FY24 to implement the bill:

Staff time:

0.1 FTE IT App Development - Senior/Specialist - \$15,529 (\$15,422 salary/benefits, \$107 in associated costs).

Vendor costs:

iSeries: \$12,000

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
501-1	Liquor Revolving Account	State	122,292	12,286	134,578	24,572	24,572
<b>Total \$</b>			122,292	12,286	134,578	24,572	24,572

**III. B - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.3	0.1	0.2	0.1	0.1
A-Salaries and Wages	24,635	7,703	32,338	15,406	15,406
B-Employee Benefits	8,857	2,997	11,854	5,994	5,994
C-Professional Service Contracts	87,000		87,000		
E-Goods and Other Services	650	436	1,086	872	872
G-Travel	1,116	1,116	2,232	2,232	2,232
J-Capital Outlays	34	34	68	68	68
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	122,292	12,286	134,578	24,572	24,572

**III. C - Operating FTE 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 2024	FY 2025	2023-25	2025-27	2027-29
Customer Service Specialist 3	50,592	0.1		0.1		
IT App Development - Senior/Specialist	118,716	0.1		0.1		
LCB Enforcement Officer 2	77,028	0.1	0.1	0.1	0.1	0.1
<b>Total FTEs</b>		0.3	0.1	0.2	0.1	0.1

**III. D - Expenditures By Program (optional)**

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)	75,000		75,000		
Licensing Division (050)	7,477		7,477		
Enforcement Division (060)	12,286	12,286	24,572	24,572	24,572
Information Technology Division (070)	27,529		27,529		
<b>Total \$</b>	122,292	12,286	134,578	24,572	24,572

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 1 (the new endorsement) will require rulemaking.

**Enforcement Field Increment (FI) Calculator**

**1803 HB "Specialty shop endorsement"**

	<b>Number of events</b>	<b>Time Factor</b>	<b>Staffing Factor</b>	<b>FI Total</b>
Non RVP Member Support and Education	17	7	1	118
Complaint Investigations Liquor	3	15	1	66
Premises Check Misc. Retail Licenses	17	2	1	44

<b><u>Factors</u></b>	<b><u>Values</u></b>
Specialty Shops	168
Non RVP Member Support and Education	10%
Complaint Investigations Liquor	2%
Premises Check Misc. Retail Licenses	10%

<b>Total FI's</b>	<b>227</b>
<b>Total Field Increments per FTE</b>	4,220
<b>FTE's required</b>	0.05
<b>Round</b>	<b>0.10</b>



# Ten-Year Analysis

<b>Bill Number</b> 1803 HB	<b>Title</b> Specialty shop endorsement	<b>Agency</b> 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030	Fiscal Year 2031	Fiscal Year 2032	Fiscal Year 2033	2024-33 TOTAL
Beer/Wine Specialty Shop endorsement	501	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	16,800	168,000
<b>Total</b>		<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>16,800</b>	<b>168,000</b>
<b>Biennial Totals</b>		<b>33,600</b>		<b>33,600</b>		<b>33,600</b>		<b>33,600</b>		<b>33,600</b>		<b>168,000</b>

## Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1(1b): There is an endorsement available to the beer and/or wine specialty shop license, for a cost of \$100 per year, authorizing the holder to sell specified amount of beer or wine to a customer per day for on-premises consumption.

The Board estimates that 168 (25% of existing specialty shop licensees) would apply for the endorsement. 168 x \$100 = \$16,800/yr.

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