

Multiple Agency Fiscal Note Summary

Bill Number: 2043 HB	Title: Movie screen seat requirements/Spirits/Wine/Beer
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	0	0	220,000	0	0	880,750	0	0	881,500
Total \$	0	0	220,000	0	0	880,750	0	0	881,500

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.7	0	0	176,790	1.4	0	0	332,162	1.0	0	0	268,390
Total \$	0.7	0	0	176,790	1.4	0	0	332,162	1.0	0	0	268,390

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

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Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Final 1/10/2024
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Department of Revenue Fiscal Note

Bill Number: 2043 HB	Title: Movie screen seat requirements/Spirits/Wine/Beer	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

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: Peter Clodfelter	Phone: 60-786-7127	Date: 01/03/2024
Agency Preparation: Erika Ferrara	Phone: 60-534-1517	Date: 01/08/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/08/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/08/2024

Request # 2043-1-2

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.

CURRENT LAW:

Theaters with no more than 120 seats per screen qualify for a spirits, beer, and wine theater license. If the theater meets certain criteria, the annual fee is waived.

PROPOSAL:

This legislation removes:

- The no more than 120 seats per screen requirement to qualify for a spirits, beer, and wine theater license.
- The fee waiver (adopted during the COVID pandemic).

EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

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.

This legislation results in no revenue impact to taxes administered by the Department of Revenue (department).

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.

The department will have minimal costs of approximately \$2,140 for fiscal year 2024 associated with assisting managers to attend implementation meetings, monitor timelines, and assist Business Licensing Service/Liquor Control Board in form development.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

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

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

Request # 2043-1-2

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

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2043 HB	Title: Movie screen seat requirements/Spirits/Wine/Beer	Agency: 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		220,000	220,000	880,750	881,500
Total \$		220,000	220,000	880,750	881,500

Estimated Operating Expenditures from:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.3	0.7	1.4	1.0
Account					
Liquor Revolving Account-State 501-1	0	176,790	176,790	332,162	268,390
Total \$	0	176,790	176,790	332,162	268,390

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: Peter Clodfelter	Phone: 360-786-7127	Date: 01/03/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/08/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/08/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/10/2024

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(1a): removes the requirement that a theater may have no more than 120 seats per screen to qualify for a spirits, beer, and wine theater license.

Section 1(1b/c/d): removes outdated language relating to fee waivers.

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.

Currently, there are 11 spirits, beer and wine theater licenses in the state. According to the Department of Revenue's Business Licensing Service (BLS), there are 439 (188 cinemas & 251 dinner theaters) businesses licensed in Washington for these type of activities that do not currently sell alcohol.

The agency's Licensing division has received interest from cinemas and performing art centers that do not meet the current requirements to obtain a theater license. With the proposed bill changes, Licensing estimates that 50% of theaters and performing arts centers may apply for a theater license, approximately 220 applications. Licensing assumes that some of these applicants would need to do some business planning prior to applying for the license, therefore it is estimated that half (110) would apply immediately, and the remainder (110) in the following year.

Licensing also anticipates approximately 10 change applications (Alcohol Control Plan changes, ownership changes, etc.) each year thereafter (ongoing).

FY25: 110 applications (110 x \$2,000 = \$220,000)

FY26: 110 renewals and 110 applications (220 x \$2,000 = \$440,000)

FY27+: 220 renewals (220 x \$2,000 = \$440,000) and 10 change applications (10 x \$75 = \$750) - total \$440,750

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.

LICENSING DIVISION:

Currently, there are 11 spirits, beer and wine theater licenses in the state. According to the Department of Revenue's Business Licensing Service (BLS), there are 439 (188 cinemas & 251 dinner theaters) businesses licensed in Washington for these type of activities that do not currently sell alcohol.

The agency's Licensing division has received interest from cinemas and performing art centers that do not meet the current requirements to obtain a theater license. With the proposed bill changes, Licensing estimates that 50% of theaters and performing arts centers may apply for a theater license, approximately 220 applications. Licensing assumes that some of these applicants would need to do some business planning prior to applying for the license, therefore it is estimated that half (110) would apply immediately, and the remainder (110) in the following year.

Licensing also anticipates approximately 10 change applications (Alcohol Control Plan changes, ownership changes, etc.) each year thereafter (ongoing). These change applications have minimal staff workload impact.

FY25: 0.7 FTE Licensing Specialist Senior - \$63,772/yr (\$61,833 salary/benefits, \$1,939 in associated costs). Onetime costs in FY25 of \$6,105 for equipment purchases.

FY26: 0.7 FTE Licensing Specialist Senior - \$63,772/yr (\$61,833 salary/benefits, \$1,939 in associated costs).

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 Enforcement division has determined that the workload impacts from this bill will require 0.6 FTE LCB Enforcement Officer 2 (LEO2) in FY25, and 1.0 FTE ongoing. Please see the attached "HB 2043 Theater Licenses - Enforcement Field Increment Calculator.pdf" for workload calculations.

FY25: 0.6 FTE LCB Enforcement Officer 2 - \$80,518/yr (\$71,002 salary/benefits, \$9,516 in associated costs). Onetime costs in FY25 of \$26,395 for equipment purchases.

FY26+: 1.0 FTE LCB Enforcement Officer 2 - \$134,195/yr (\$118,335 salary/benefits, \$15,860 in associated costs).

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	0	176,790	176,790	332,162	268,390
Total \$			0	176,790	176,790	332,162	268,390

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.3	0.7	1.4	1.0
A-Salaries and Wages		96,053	96,053	217,449	173,424
B-Employee Benefits		36,782	36,782	81,054	63,246
C-Professional Service Contracts					
E-Goods and Other Services		17,477	17,477	10,561	8,720
G-Travel		10,696	10,696	22,320	22,320
J-Capital Outlays		15,782	15,782	778	680
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	176,790	176,790	332,162	268,390

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
LCB Enforcement Officer 2	86,712		0.6	0.3	1.0	1.0
Licensing Specialist Senior	62,892		0.7	0.4	0.4	
Total FTEs			1.3	0.7	1.4	1.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Division (050)		69,877	69,877	63,772	
Enforcement Division (060)		106,913	106,913	268,390	268,390
Total \$		176,790	176,790	332,162	268,390

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.

Rulemaking will be needed to update WAC to reflect the changes in Section 1(1).

Enforcement Field Increment (FI) Calculator

2043 HB "Theater Licenses" (FY25)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	7	10	1.3	86
License Support and Education	83	7	1.3	751
Misc. Retail Licenses Premises checks	110	2	1.3	286
On Premises Compliance Check	55	1	2	110
Administrative Violation Notice (AVN) Issuance	11	12	2	264
Retail Liquor Annual Inspections	110	5	1	550
Licensee Responsible Liquor Sales Class Field	6	15	1	83
On Premises Compliance Check Failure	11	5	2	110

Total FI's **2,239**

Factors	Values
License Count	110
Complaint Investigations Liquor	6%
License Support and Education	75%
Misc. Retail Licenses Premises checks	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	11
Retail Liquor Annual Inspections	100%
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	11

Total Field Increments per FTE **4,220**

FTE's required **0.53**

Round **0.60**

2043 HB "Theater Licenses" (FY26)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	13	10	1.3	172
License Support and Education	165	7	1.3	1502
Misc. Retail Licenses Premises checks	220	2	1.3	572
On Premises Compliance Check	110	1	2	220
Administrative Violation Notice (AVN) Issuance	22	12	2	528
Retail Liquor Annual Inspections	220	5	1	1100
Licensee Responsible Liquor Sales Class Field	11	15	1	165
On Premises Compliance Check Failure	22	5	2	220

Total FI's	4,478
Total Field Increments per FTE	4,220
FTE's required	1.06
Round	1.00

<u>Factors</u>	<u>Values</u>
License Count	220
Complaint Investigations Liquor	6%
License Support and Education	75%
Misc. Retail Licenses Premises checks	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	22
Retail Liquor Annual Inspections	100%
Licensee Responsible Liquor Sales Class Field	5%
On Premises Compliance Check Failure	11

2043 HB "Theater Licenses" (FY27+)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	9	10	1.3	114
License Support and Education	73	7	1.3	661
Misc. Retail Licenses Premises checks	220	2	1.3	572
On Premises Compliance Check	110	1	2	220
Administrative Violation Notice (AVN) Issuance	22	12	2	528
Retail Liquor Annual Inspections	220	5	1	1100
Licensee Responsible Liquor Sales Class Field	6	15	1	83
On Premises Compliance Check Failure	22	5	2	220

Total FI's	3,498
Total Field Increments per FTE	4,220
FTE's required	0.83
Round	1.00

<u>Factors</u>	<u>Values</u>
License Count	220
Complaint Investigations Liquor	4%
License Support and Education	33%
Misc. Retail Licenses Premises checks	100%
On Premises Compliance Check	50%
Administrative Violation Notice (AVN) Issuance	22
Retail Liquor Annual Inspections	100%
Licensee Responsible Liquor Sales Class Field	3%
On Premises Compliance Check Failure	11



Multiple Agency Ten-Year Analysis Summary

Bill Number 2043 HB	Title Movie screen seat requirements/Spirits/Wine/Beer
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	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
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Liquor and Cannabis Board	0	220,000	440,000	440,750	440,750	440,750	440,750	440,750	440,750	440,750	3,745,250
Total	0	220,000	440,000	440,750	440,750	440,750	440,750	440,750	440,750	440,750	3,745,250



Ten-Year Analysis

Bill Number 2043 HB	Title Movie screen seat requirements/Spirits/Wine/Beer	Agency 140 Department of Revenue
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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

Name of Tax or Fee	Acct Code												
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Agency Preparation: Erikka Ferrara	Phone: 360-534-1517	Date: 1/8/2024 10:33:49 am
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 1/8/2024 10:33:49 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 2043 HB	Title Movie screen seat requirements/Spirits/Wine/Beer	Agency 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
License change application fee	501				750	750	750	750	750	750	750	5,250
Spirits/Beer/Wine Theater license	501		220,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	440,000	3,740,000
Total			220,000	440,000	440,750	440,750	440,750	440,750	440,750	440,750	440,750	3,745,250
Biennial Totals		220,000		880,750		881,500		881,500		881,500		3,745,250

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1(1a) of this bill removes the requirement that a theater may have no more than 120 seats per screen to qualify for a spirits, beer, and wine theater license.

Currently, there are 11 spirits, beer and wine theater licenses in the state. According to the Department of Revenue's Business Licensing Service (BLS), there are 439 (168 cinemas & 251 dinner theaters) businesses licensed in Washington for these type of activities that do not currently sell alcohol.

The agency's Licensing division has received interest from cinemas and performing art centers that do not meet the current requirements to obtain a theater license. With the proposed bill changes, Licensing estimates that 50% of theaters and performing arts centers may apply for a theater license, approximately 220 applications. Licensing assumes that some of these applicants would need to do some business planning prior to applying for the license, therefore it is estimated that half (110) would apply immediately, and the remainder (110) in the following year.

Licensing also anticipates approximately 10 change applications (Alcohol Control Plan changes, ownership changes, etc.) each year thereafter (ongoing).

FY25: 110 applications (110 x \$2,000 = \$220,000)
 FY26: 110 renewals and 110 applications (220 x \$2,000 = \$440,000)



Ten-Year Analysis

Bill Number 2043 HB	Title Movie screen seat requirements/Spirits/Wine/Beer	Agency 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> .

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY27+: 220 renewals (220 x \$2,000 = \$440,000) and 10 change applications (10 x \$75 = \$750) - total \$440,750
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Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 1/8/2024 4:32:04 pm
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 1/8/2024 4:32:04 pm
OFM Review:	Phone:	Date: