

Individual State Agency Fiscal Note

Bill Number: 2060 HB	Title: Private club license	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		6,250	6,250	21,875	34,375
Total \$		6,250	6,250	21,875	34,375

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.6	0.3	0.4	0.4
Account					
Liquor Revolving Account-State 501-1	0	153,259	153,259	88,006	88,006
Total \$	0	153,259	153,259	88,006	88,006

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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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(1): There is a license designated as an establishment private club license, to be issued to a person or business for a premises at which a business that is open to the general public and does not sell or advertise liquor is located. Subject to the requirements in this section, an establishment private club license authorizes the consumption of liquor by members of a private club in a restricted area of the premises that is separate from the areas to which the general public has access.

Section 1(2): The following requirements apply to licensees and to alcohol consumption authorized under this section:

- (a) No liquor may be sold or provided:
 - (i) By the licensee to the general public or to members of the private club; or
 - (ii) By the private club or members of the private club to the general public;
- (b) Only members of the private club may consume liquor on the premises and only when in a restricted area of the premises that is not accessible to or advertised to the general public; and
- (c) Liquor consumed on the premises by a member of the private club must not be provided by the licensee.

Section 1(3): The annual fee for the establishment private club license is \$125.

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(1): There is a license designated as an establishment private club license, to be issued to a person or business for a premises at which a business that is open to the general public and does not sell or advertise liquor is located. Subject to the requirements in this section, an establishment private club license authorizes the consumption of liquor by members of a private club in a restricted area of the premises that is separate from the areas to which the general public has access.

Section 1(3): The annual fee for the establishment private club license is \$125.

The agency estimates receiving 50 applications the first year and 25 each year after (ongoing).

FY25: $50 \times \$125 = \$6,250$

FY26: $75 \times \$125 = \$9,375$

FY27: $100 \times \$125 = \$12,500$

FY28: $125 \times \$125 = \$15,625$

FY29: $150 \times \$125 = \$18,750$

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.

BOARD DIVISION (AS PROJECT COSTS):

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 in FY25. 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 \$66,200 in FY25. Some examples of changes needed are the following:

- LEEADS Vendor Cost to Implement: \$40K +/-25% = \$50,000

- LCB/Internal hours to implement (agency contractor) - total 108 hours x \$150 = \$16,200:

- Technical Training (preparing and delivering): 20 hours

- Testing (to include collaborative with DOR/BLS): 12 hours

- Analysis, requirements and test review: 16 hours

- Development for analytical reporting: 20 hours

- Development for replication: 20 hours

- Documentation and review (System Admin Guide, Data Dictionary, Component Tracker, Operations Plan, Report Specifications, Business Data Glossary, DSA updates, 3 Interface updates, etc.): 20 hours

LICENSING DIVISION:

Licensing would need additional FTE's to process the applications. As the bill is written, it requires the licensee to meet all other standard licensing requirements (public posting, local authority notice, etc.) Based on recent inquiries from businesses interested in this type of activity, Licensing estimates receiving 50 applications the first year and 25 each year after (ongoing).

FY25 - 0.3 FTE Licensing Specialist - \$25,744/yr (\$24,913 salary/benefits, \$831 in associated costs).

FY26+ 0.2 FTE Licensing Specialist - \$17,163/yr (\$16,609 salary/benefits, \$554 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.

Please see the attached "2060 HB Establishment Private Clubs - Enforcement Field Increment Calculator.pdf" for workload calculations.

0.2 FTE LCB Enforcement Officer 2 - \$26,840/yr (\$23,668 salary/benefits, \$3,172 in associated costs).

INFORMATION TECHNOLOGY DIVISION:

One-time costs would be incurred to implement this legislation:

VENDOR COSTS:

- iSeries modifications (120 hrs x \$150/hr) \$18,000

STAFF COSTS:

- 260 hrs - 0.10 FTE IT App Development - Senior/Specialist - \$16,475 (\$16,368 salary/benefits, \$107 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	153,259	153,259	88,006	88,006
Total \$			0	153,259	153,259	88,006	88,006

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.6	0.3	0.4	0.4
A-Salaries and Wages		47,575	47,575	58,038	58,038
B-Employee Benefits		17,374	17,374	22,516	22,516
C-Professional Service Contracts		84,200	84,200		
E-Goods and Other Services		1,768	1,768	2,796	2,796
G-Travel		2,232	2,232	4,464	4,464
J-Capital Outlays		110	110	192	192
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	153,259	153,259	88,006	88,006

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
IT App Development - Senior/Specialist	127,176		0.1	0.1		
LCB Enforcement Officer 2	86,712		0.2	0.1	0.2	0.2
Licensing Specialist	58,380		0.3	0.2	0.2	0.2
Total FTEs			0.6	0.3	0.4	0.4

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Board Division (010)		66,200	66,200		
Licensing Division (050)		25,744	25,744	34,326	34,326
Enforcement Division (060)		26,840	26,840	53,680	53,680
Information Technology Division (070)		34,475	34,475		
Total \$		153,259	153,259	88,006	88,006

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.

New rules would need to be written to create the establishment private club license.

Enforcement Field Increment (FI) Calculator

2060 HB "Creating a new Establishment Private Club License" (FY25)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	2	10	1.3	26
License Support and Education	25	7	1	175
Private Club Premises checks	50	2	1.3	130
On Premises Compliance Check	17	3	2	99
Administrative Violation Notice (AVN) Issuance	3	12	1.3	47

Total FI's 477

<u>Factors</u>	<u>Values</u>
License Count	50
Complaint Investigations Liquor	4%
License Support and Education	50%
Private Club Premises checks	100%
On Premises Compliance Check	33%
Administrative Violation Notice (AVN) Issuance	3

Total Field Increments per FTE 4,220

FTE's required 0.11

Round 0.20

FY26

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	3	10	1.3	39
License Support and Education	38	7	1	263
Private Club Premises checks	75	2	1.3	195
On Premises Compliance Check	25	1	1.5	37
Administrative Violation Notice (AVN) Issuance	3	12	1.3	47

Total FI's 580

<u>Factors</u>	<u>Values</u>
License Count	75
Complaint Investigations Liquor	4%
License Support and Education	50%
Private Club Premises checks	100%
On Premises Compliance Check	33%
Administrative Violation Notice (AVN) Issuance	3

Total Field Increments per FTE 4,220

FTE's required 0.14

Round 0.20

FY27				
	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	4	10	1.3	52
License Support and Education	50	7	1	350
Private Club Premises checks	100	2	1.3	260
On Premises Compliance Check	33	1	1.5	50
Administrative Violation Notice (AVN) Issuance	3	12	1.3	47

Total FI's 758

Factors	Values
License Count	100
Complaint Investigations Liquor	4%
License Support and Education	50%
Private Club Premises checks	100%
On Premises Compliance Check	33%
Administrative Violation Notice (AVN) Issuance	3

Total Field Increments per FTE 4,220

FTE's required 0.18

Round 0.20

FY28+				
	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	5	10	1.3	65
License Support and Education	63	7	1	438
Private Club Premises checks	125	2	1.3	325
On Premises Compliance Check	41	1	1.5	62
Administrative Violation Notice (AVN) Issuance	3	12	1.3	47

Total FI's 936

Factors	Values
License Count	125
Complaint Investigations Liquor	4%
License Support and Education	50%
Private Club Premises checks	100%
On Premises Compliance Check	33%
Administrative Violation Notice (AVN) Issuance	3

Total Field Increments per FTE 4,220

FTE's required 0.22

Round 0.20



Ten-Year Analysis

Bill Number 2060 HB	Title Private club license	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
ESTABLISHMENT PRIVATE CLUB LICENSE	501		6,250	9,375	12,500	15,625	18,750	21,875	25,000	28,125	31,250	168,750
Total			6,250	9,375	12,500	15,625	18,750	21,875	25,000	28,125	31,250	168,750
Biennial Totals			6,250	21,875		34,375		46,875		59,375		168,750

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1(1) of this bill creates an establishment private club license, to be issued to a person or business for a premises at which a business that is open to the general public and does not sell or advertise liquor is located. Subject to the requirements in this section, an establishment private club license authorizes the consumption of liquor by members of a private club in a restricted area of the premises that is separate from the areas to which the general public has access.

Section 1(3): The annual fee for the establishment private club license is \$125.

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FY25: 50 x \$125 = \$6,250
 FY26: 75 x \$125 = \$9,375
 FY27: 100 x \$125 = \$12,500
 FY28: 125 x \$125 = \$15,625
 FY29: 150 x \$125 = \$18,750
 FY30: 175 x \$125 = \$21,875
 FY31: 200 x \$125 = \$25,000



Ten-Year Analysis

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Narrative Explanation (Required for Indeterminate Cash Receipts)

FY32: 225 x \$125 = \$28,125 FY33: 250 x \$125 = \$31,250
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