

Multiple Agency Fiscal Note Summary

Bill Number: 2043 S HB 2043-S H-2755.1	Title: Theater licenses/alcohol
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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	94,000	0	0	376,375	0	0	376,750
Total \$	0	0	94,000	0	0	376,375	0	0	376,750

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	Fiscal note not available											
Liquor and Cannabis Board	.3	0	0	67,590	.7	0	0	161,527	.5	0	0	134,196
Total \$	0.3	0	0	67,590	0.7	0	0	161,527	0.5	0	0	134,196

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	Fiscal note not available								
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

NONE

Prepared by: Val Terre, OFM	Phone: (360) 280-3973	Date Published: Preliminary 1/22/2024
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Individual State Agency Fiscal Note

Bill Number: 2043 S HB 2043-S H-2755.1	Title: Theater licenses/alcohol	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		94,000	94,000	376,375	376,750
Total \$		94,000	94,000	376,375	376,750

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.6	0.3	0.7	0.5
Account					
Liquor Revolving Account-State 501-1	0	67,590	67,590	161,527	134,196
Total \$	0	67,590	67,590	161,527	134,196

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: 01/18/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/22/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/22/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/22/2024

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): modifies the requirements to qualify for a spirits, beer, and wine theater license to require that a theater either have no more than 120 seats per screen or provide scheduled showings of motion pictures with open motion picture captioning so that at least 10 percent of all showings of a motion picture in a 30-day period have open motion picture captioning, for any motion picture that is produced and distributed with open motion picture captioning and shown by the theater 10 or more times in a 30-day period.

Section 1(1b/c/d): removes outdated language relating to fee waivers.

This substitute version adds the following language (the original bill 2043 HB had stricken the 120 seat requirement):

"and that either have no more than 120 seats per screen or provide scheduled showings of motion pictures with open motion picture captioning so that at least 10 percent of all showings of a motion picture in a 30-day period have open motion picture captioning, for any motion picture that is produced and distributed with open motion picture captioning and shown by the theater 10 or more times in a 30-day period.

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 188 cinemas licensed in Washington for these types of activities that do not currently sell alcohol.

The agency's Licensing division has received interest from cinemas that do not meet the current requirements to obtain a theater license. With the proposed bill changes, Licensing estimates that 94 theaters may apply for a theater license.

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 (47) would apply immediately, and the remainder (47) in the following year.

Licensing also anticipates approximately 5 change applications (Alcohol Control Plan changes, ownership changes, etc.) each year thereafter (ongoing).

FY25: 47 applications (47x \$2,000 = \$94,000)

FY26: 47 renewals and 47 applications (94 x \$2,000 = \$188,000)

FY27+: 94 renewals (94 x \$2,000 = \$188,000) and 5 change applications (5 x \$75 = \$375) - total \$188,375.

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 188 cinemas licensed in Washington for these types of activities that do not currently sell alcohol.

The agency's Licensing division has received interest from cinemas that do not meet the current requirements to obtain a theater license. With the proposed bill changes, Licensing estimates that 94 theaters may apply for a theater license.

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 (47) would apply immediately, and the remainder (47) in the following year.

Licensing also anticipates approximately 5 change applications (Alcohol Control Plan changes, ownership changes, etc.) each year thereafter (ongoing). These change applications have minimal staff workload impact.

FY25: 0.3 FTE Licensing Specialist Senior - \$27,331/yr (\$26,500 salary/benefits, \$831 in associated costs).

FY26: 0.3 FTE Licensing Specialist Senior - \$27,331/yr (\$26,500 salary/benefits, \$831 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 0.3 FTE LCB Enforcement Officer 2 (LEO2) in FY25, and 0.5 FTE ongoing. Please see the attached "2043 SHB 2043-S H-2755-1 Theater licenses - Enforcement Field Increment Calculator.pdf" for workload calculations.

FY25: 0.3 FTE LCB Enforcement Officer 2 - \$40,259/yr (\$35,501 salary/benefits, \$4,758 in associated costs).

FY26+: 0.5 FTE LCB Enforcement Officer 2 - \$67,098/yr (\$59,168 salary/benefits, \$7,930 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	67,590	67,590	161,527	134,196
Total \$			0	67,590	67,590	161,527	134,196

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.6	0.3	0.7	0.5
A-Salaries and Wages		44,882	44,882	105,580	86,712
B-Employee Benefits		17,119	17,119	39,256	31,624
C-Professional Service Contracts					
E-Goods and Other Services		2,097	2,097	5,149	4,360
G-Travel		3,348	3,348	11,160	11,160
J-Capital Outlays		144	144	382	340
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	67,590	67,590	161,527	134,196

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		0.3	0.2	0.5	0.5
Licensing Specialist Senior	62,892		0.3	0.2	0.2	
Total FTEs			0.6	0.3	0.7	0.5

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Division (050)		27,331	27,331	27,331	
Enforcement Division (060)		40,259	40,259	134,196	134,196
Total \$		67,590	67,590	161,527	134,196

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 SHB 2043-S H-2755.1 "Theater Licenses" (FY25)

	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	3	10	1.3	37
License Support and Education	35	7	1.3	321
Misc. Retail Licenses Premises checks	47	2	1.3	122
On Premises Compliance Check	24	1	2	47
Administrative Violation Notice (AVN) Issuance	11	12	2	264
Retail Liquor Annual Inspections	47	5	1	235
Licensee Responsible Liquor Sales Class Field	2	15	1	35
On Premises Compliance Check Failure	11	5	2	110

Total FI's	1,171
Total Field Increments per FTE	4,220
FTE's required	0.28
Round	0.30

Factors	Values
License Count	47
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

FY26				
	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	6	10	1.3	73
License Support and Education	71	7	1.3	642
Misc. Retail Licenses Premises checks	94	2	1.3	244
On Premises Compliance Check	47	1	2	94
Administrative Violation Notice (AVN) Issuance	22	12	2	528
Retail Liquor Annual Inspections	94	5	1	470
Licensee Responsible Liquor Sales Class Field	5	15	1	71
On Premises Compliance Check Failure	22	5	2	220

Total FI's	2,342
Total Field Increments per FTE	4,220
FTE's required	0.55
Round	0.50

<u>Factors</u>	<u>Values</u>
License Count	94
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

FY27+				
	Number of events	Time Factor	Staffing Factor	FI Total
Complaint Investigations Liquor	4	10	1.3	49
License Support and Education	31	7	1.3	282
Misc. Retail Licenses Premises checks	94	2	1.3	244
On Premises Compliance Check	47	1	2	94
Administrative Violation Notice (AVN) Issuance	22	12	2	528
Retail Liquor Annual Inspections	94	5	1	470
Licensee Responsible Liquor Sales Class Field	2	15	1	35
On Premises Compliance Check Failure	22	5	2	220

Total FI's	1,923
Total Field Increments per FTE	4,220
FTE's required	0.46
Round	0.50

<u>Factors</u>	<u>Values</u>
License Count	94
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