

Revised per adopted General File amendments

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$10,800		\$2,415
CASH FUNDS				\$700,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$10,800		\$702,415

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB376 was amended by AM336. This amendment was divided into the following amendments that were all adopted: AM611, AM612, AM613, AM614, and AM615. LB 376 was also amended by AM472 and AM571. Each of these amendments are discussed separately below.

AM611

LB 376 AM611 includes the original provisions of LB 376 with some changes. LB 376 AM611 requires each licensed manufacturer, licensed wholesaler, or holder of a shipping license to submit a report prior to the sale or shipment of any alcoholic liquor into the State of Nebraska.

The Nebraska Liquor Control Commission's (NLCC) estimate utilized a \$20 initial fee for each brand registration and a \$10 renewal fee after that. 35,000 brand registrations are estimated for FY25 when the NLCC anticipates to implement this amendment in the bill for total revenue of \$700,000 for FY25. 1,100 brand registrations are estimated for FY26 for revenue totaling \$22,000. 35,000 brand registrations are estimated to pay the every-other-year renewal fee of \$10 in addition to 100 new brand registrations for a total of \$352,000 in revenue for FY27. These fees collected would be credited to the NLCC Rule and Regulation Cash Fund in order to maintain the NLCC's new licensing solution that will help implement this aspect of the bill.

The NLCC estimates no new expenditures initially to meet the requirements of this amendment and will utilize the capabilities of their new software. The NLCC does estimate expenditures from the bill starting in FY27 that would be \$143,089 and would increase each year with inflation. The costs would be paid from the NLCC Rule and Regulation Cash Fund.

There is no basis to disagree with these estimates.

AM612

LB 376 AM612 allows for a holder of a farm winery license to sell beer or other alcoholic liquor not produced by the farm winery at retail for consumption on the premises if the holder is also issued the appropriate retail license for those sales at that location. This amendment incorporates the provisions of LB 259.

The NLCC estimates that this bill will result in an additional 27 licenses with an application fee of \$400 per license. This would result in revenue of \$10,800 for FY24. NLCC estimates that all new 27 licensees would renew in FY25 at a rate of \$45 per renewal. An additional 3 licenses would be applied for in FY25 at the \$400 rate. This would result in \$2,415 of revenue for FY25.

The NLCC plans to utilize existing infrastructure to implement this aspect of the bill.

The NLCC also notes that an additional license fee is collected by political subdivisions.

There is no basis to disagree with this estimate.

AM613

LB 376 AM613 seeks to make changes so that a nonprofit corporation may be issued a special designated license (SDL) for up to 12 calendar days in any one calendar year instead of the current 6 days. This amendment incorporates the provisions of LB 377.

The NLCC estimates no increase in SDLs as a result of this bill. The NLCC also plans to utilize existing infrastructure to implement this aspect of the bill. Thus, the NLCC expects no fiscal impact.

There is no basis to disagree with this estimate.

AM614

LB 376 AM614 allows for a manufacturer, a wholesaler, or any agent of a manufacturer or wholesaler to enter into a sponsorship or advertising agreement with certain entities to sponsor and advertise for events held by those entities. This incorporates the provisions of LB 596.

The NLCC plans to utilize existing infrastructure to implement this aspect of the bill and estimates no fiscal impact.

There is no basis to disagree with this estimate.

AM615

LB 376 AM615 would allow channel pricing of alcohol for wholesalers under the Nebraska Liquor Control Act. This amendment incorporates the provisions of LB 667.

The NLCC estimates no effect to revenue from this aspect of the bill. The NLCC plans to utilize existing infrastructure to implement.

There is no basis to disagree with this estimate.

AM472

LB 376 AM472 would allow a holder of a microdistillery license to directly sell for resale up to 500 gallons per calendar year of microdistilled products at its licensed premises directly to retail licensees in the State of Nebraska.

Due to the intertwined nature of sales by microdistilleries, the revenue impact is indeterminant, and the NLCC would utilize existing infrastructure to implement this amendment.

AM571

This amendment adds the emergency clause to the bill. There is no fiscal impact from this change.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 376	AM: 336	AGENCY/POLT. SUB: Nebraska Liquor Control Commission (035)
REVIEWED BY: Joe Wilcox	DATE: 02/21/2023	PHONE: (402) 471-4178
COMMENTS: AM 336 is the General Affairs Committee Amendment to LB 376. The Committee Amendment includes provisions of LB 259, LB 377, LB 596, and LB 667. No basis to dispute the Nebraska Liquor Control Commission estimate of potential Fiscal Impact to the Agency from LB 376, as amended by AM 336.		

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2023

LB⁽¹⁾ 376 AM336

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Liquor Control Commission

Prepared by: ⁽³⁾ Mark Davis Jr Date Prepared: ⁽⁴⁾ 2/16/2023 Phone: ⁽⁵⁾ 402-471-4804

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>10,800</u>	<u>0</u>	<u>2,415</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,000</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>0</u>	<u>10,800</u>	<u>0</u>	<u>702,415</u>

Explanation of Estimate:

For section (3) no additional expenditures or revenue. NLCC will utilize current infrastructure to implement.

For sections (4) through (7): NLCC based revenue generation on similar brand registrations in South Dakota, Missouri, Kansas, and Colorado. NLCC assumes that fees will be \$20 for initial renewal, followed by \$10 renewals every other year. Using a conservative estimate of 35,000 brand registrations at the onset, followed by an additional 1,000 the following year. NLCC has a new software solution coming online in May 2024 that has brand registration built into the system and would require no new expenditures to meet the requirements of this bill at that time. NLCC would utilize funds raised by this section to maintain the new licensing solution. Future years revenue would be based upon how many brands are renewed and how many new brands there are each year. Minimally it would be at least 35,000 renewals every-other-year starting in FY26-27, for \$350,000 of revenue, a conservative estimate of at least 100 new brands a year starting FY25-26 shows at least \$2,000 in new revenue. Costs starting in FY26-27 would be \$143,089 and rising each year for inflation.

For section (9) NLCC anticipates that as many as 27 additional licenses would be applied for under this bill. NLCC collects an application fee for a total of \$400 for this license type. NLCC anticipates that all 27 would renew in 2024 for a \$45 renewal fee and that an additional 3 licenses would be applied for showing the change in revenue from FY23-24 to FY24-25. NLCC will use existing infrastructure to implement this change. An additional license fee is collected by local governing bodies and is not included in this fiscal note.

For section (10) NLCC will utilize existing infrastructure to implement this bill. NLCC forecasts that there will not be an increase in the number of SDLs issued to non-profit organizations from this bill.

For section (11) NLLC will utilize existing infrastructure to implement this section. There is no lost or additional revenue from this bill.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>

Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				