



[SF 542](#) – On-Premises Liquor License (LSB2478SV)

Staff Contact: Angel Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Fiscal Note Version – New

Description

[Senate File 542](#) provides for the following:

- Holders of a Class A, Class B, Class C, or special Class C liquor control license; a Class B beer permit; or a Class C native wine permit with an expiration date between May 6, 2020, and May 5, 2021, are not required to pay the annual license or permit fee or any additional applicable fee or surcharge to the Alcoholic Beverages Division (ABD) as specified in Iowa Code chapter [123](#) upon renewal of the license or permit.
- The ABD is required to remit to the local authority in which the licensee or permittee is licensed the amount that otherwise would have been collected from the licensee or permittee. These remittances are to be paid from the [Liquor Control Trust Fund](#) before August 31, 2021.
- A holder of a Class A, Class B, Class C, or special Class C liquor control license; a Class B beer permit; or a Class C native wine permit that was eligible for a deferment of the expiration of the license or permit due to the Governor's Proclamation during this time frame but paid the appropriate license or permit fee is permitted to receive a refund from the ABD. These refunds must be paid by the ABD from the Liquor Control Trust Fund before August 31, 2021. Local authorities are permitted to retain any remittances already made in connection with these renewals.
- Holders of a Class C native distilled spirits liquor control license or a Class D liquor control license with an expiration date between July 1, 2021, and June 30, 2022, are not required to pay for the renewal of the license.

The Bill is effective upon enactment.

Background

All license and permit fee revenue is deposited into the Liquor Control Trust Fund. In FY 2020, \$17.7 million in license and permit fee revenue was deposited into the Fund, which was a decrease of \$1.1 million (6.6%) compared to FY 2019. Deposits to the Fund from all sources in FY 2020 totaled \$405.7 million, an increase of \$20.4 million (5.3%) compared to FY 2019. This increase was primarily due to an increase in liquor sales in FY 2020. ABD expenses that are covered by the Fund increased by \$16.8 million (6.7%) compared to FY 2019. Other ABD expenses are covered by the ABD's General Fund appropriation. **Table 1** provides a summary of deposits, expenses and net revenues for the Liquor Control Trust Fund.

**Table 1
Liquor Control Trust Fund Summary
FY 2016 – FY 2020**

Deposits	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Liquor Sales	\$ 288,908,791	\$ 305,619,127	\$ 320,049,812	\$ 339,537,641	\$ 367,284,902
License and Permit Revenue	15,608,360	15,664,468	16,613,682	18,773,557	17,676,967
Beer Tax Collections	14,231,744	13,904,082	13,592,912	13,438,680	9,435,077
Wine Tax Collections	7,648,753	8,078,043	8,166,553	8,219,810	5,677,108
Miscellaneous Revenue	4,226,128	6,115,965	4,806,557	5,290,473	5,614,701
Total Deposits	330,623,776	349,381,685	363,229,516	385,260,161	405,688,755
Total Expenses	200,367,526	219,986,581	228,179,166	244,804,012	261,613,359
Net Revenues	\$ 130,256,250	\$ 129,395,104	\$ 135,050,350	\$ 140,456,149	\$ 144,075,396

Iowa Code section [123.17](#) requires transfers from the Liquor Control Trust Fund to the following:

- General Fund
- Iowa Department of Public Health
- Cities and counties
- Iowa Economic Development Authority

Table 2 provides a summary of transfers from the Alcoholic Beverages Division.

**Table 2
Alcoholic Beverages Division Transfers
FY 2020**

Transfer	FY 2020 Actuals
General Fund Reversion	\$ 116,935,077
Iowa Department of Public Health	25,763,936
State Aid to Cities and Counties	3,301,218
Sunday Sales Grants	931,125
Iowa Economic Development Authority	306,369
Total	\$ 147,237,725

Assumptions

- A total of 5,604 license and permit holders are eligible for a refund under the Bill.
- The total renewal license and permit fee amount that will be collected for these license and permit holders is approximately \$7.5 million. Approximately \$4.9 million of this amount is to be remitted to local authorities. Under current law, the ABD would retain the remaining \$2.5 million.
- There are 323 license and permit holders that were eligible for license or permit renewal deferment pursuant to the Governor’s Proclamation and the amount collected from these license and permit holders was \$378,000.
- There were 7 Class C native distilled spirits liquor control licenses and 26 Class D liquor control licenses with an expiration date between July 1, 2021, and June 30, 2022, which are not required to pay for the renewal of the license under the Bill. The total associated renewal license revenue is \$12,000.

Table 3 provides the total refund amount for holders of a Class A, Class B, Class C, special Class C liquor control license; a Class B beer permit; or a Class C native wine permit with an expiration date between May 6, 2020, and May 5, 2021.

**Table 3
Estimated Refund and Local Authority Retained Revenue
Under SF 542 for May 6, 2020, to May 5, 2021**

Total On-Premise Licenses/Permits Impacted by SF 542	5,604
Amount Retained by Local Authorities	\$4,932,954
Amount Refunded by ABD from Liquor Control Trust Fund	2,546,766
Total Estimated Refund Amount	\$7,479,720

Table 4 provides the total refund amount due to license and permit holders remitting license fees during the license and permit renewal deferral pursuant to the Governor’s Proclamation.

**Table 4
License and Permit Holders Eligible for Deferral**

Total Licensees/Permittees Eligible for Deferment	323
Total Refund Amount Due to Payment During Deferral	\$ 377,854

Table 5 provides the total lost fee revenue to the ABD due to waivers for Class C native distilled spirits liquor control licenses and Class D liquor control licenses in FY 2022.

**Table 5
Revenue Loss Due to Class C Native Distilled Spirits and Class D Liquor
Control License Waivers Under SF 542**

Total Class C Native Distilled Spirits License Waivers	7
Total Class D Liquor License Waivers	26
Total Lost Fee Revenue Due to Waiver	\$ 11,590

Fiscal Impact

The total revenue reduction to the State General Fund as a result of SF 542 would be approximately \$4.9 million for FY 2021. This amount includes the total amount the ABD would remit to local authorities for their uncollected portion of license and permit revenue (**Table 3**). The ABD would use current licensing revenue for this expense and reduce the ABD’s General Fund reversion for FY 2021 by this amount.

Source

Alcoholic Beverages Division

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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