

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 606 Tourism Resort ABC Permits

SHORT TITLE: Tourism Resort ABC Permits

SPONSOR(S): Senator Ballance

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES					
General Fund	\$18,000*	225*	225*	225*	225*
Local Governments			<u>Minimal Gain</u>		
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Alcoholic Beverage Control Commission.					
EFFECTIVE DATE: When it becomes law.					
* See Assumptions and Methodology.					

BILL SUMMARY: The bill defines a “tourism resort” and authorizes the Alcoholic Beverage Control Commission to issue permits to qualifying “tourism resorts”. Under the bill the Alcoholic Beverage Control Commission can issue on premises malt beverage permits, on premises unfortified wine permits, on premises fortified wine permits, and mixed beverage permits. The bill directs a “tourism resort” mixed beverage permittee, who is outside an ABC store’s jurisdiction, to obtain a mixed beverages purchase transportation permit from the nearest or most convenient ABC store. Finally, the bill introduces a non-discrimination policy for alcoholic beverage sales within a tourism resort.

ASSUMPTIONS AND METHODOLOGY: The bill defines a tourism resort as a restaurant and lodging facility owned and operated as a resort, offering food, beverage, lodging, meeting facilities, recreational and sports activities, and tennis courts or a golf course. A restaurant that meets all of the above requirements, but has an equestrian center rather than lodging facilities also qualifies.

The Department of Commerce’s Division of Tourism, Film, and Sports Development estimates that there are approximately 60 to 64 facilities that would generally be classified as resorts. These facilities are found in all areas of the state. It is not clear at this time which of the existing resorts are in dry counties or communities.

Representatives for the North Carolina Restaurant Association estimate that there are approximately twenty facilities (20) in the western part of the state that would take advantage of the bill. Some of these facilities currently hold wine and beer permits, but can not serve mixed beverages. The Association also estimates that another twenty facilities may take advantage of the bill in the Piedmont and Coastal counties. Most of these facilities have no alcoholic beverage permits. The Association also notes that the equestrian provision would increase these numbers some, but cannot provide a firm estimate. They also note that many of the facilities that may take advantage of the bill are not full-fledged resorts or resort golf communities. They believe this legislation will prompt several existing golf course owners or food and lodging providers to renovate existing facilities to meet the new mixed beverage requirements.

In 1998 the General Assembly passed legislation establishing new alcoholic beverage permit fees. The new fees for the permits addressed in the bill are as follows:

On-premises malt beverage permit	\$400.00
On-premises unfortified wine permit	\$400.00
On-premises fortified wine permit	\$400.00
Mixed beverages permit	\$750.00

Assuming approximately 45 establishments applied for at least one alcoholic beverage permit, the minimum permit revenue increase associated with the bill is \$18,000 (45 establishments X \$400 permit fee). History suggests that many of these establishments will apply for more than one permit. Fiscal Research can not determine exactly how many of the 45 facilities will apply for more than one permit. Some revenue enhancement will occur in future years as new tourist resorts are established. However, Fiscal Research has no reliable way to estimate future growth. Assuming at least 5 new permits are issued a year, the minimum revenue impact would be \$225. The additional revenue is deposited in the General Fund.

As a result of the bill Fiscal Research also expects an increase in mixed beverage sales statewide. North Carolina levies a \$20 per gallon excise tax on liquor purchased for mixed beverage sales. Ten dollars of this tax goes to the General Fund, one dollar is forwarded to the Department of Human Resources, and nine dollars is sent to the local government. Taxes are also added to beer and wine sales. No reliable estimate of this revenue increase is possible because of the amount of consumption increase is unknown.

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DATE: Thursday, April 29, 1999



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