

FISCAL NOTE

Requested by Legislative Council

01/18/2005

Bill/Resolution No.: HB 1383

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1383 enables communities to authorize the consumption of alcohol in licensed establishments until 2:00 AM, if they choose to do so.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is not known how many communities may choose to allow on-premise liquor sales until 2:00 AM, or what the possible increase in sales tax revenue will be.

Statistics show that some Fargo businesses have experienced a significant drop in on-sale liquor sales since Minnesota authorized a 2:00 AM closing time. For those Fargo businesses that have experienced a sales drop, their combined liquor sales were \$1.022 million less in the first three quarters of 2004 compared to 2003, which translates to a reduction in state sales tax revenue of \$72,000 for the three quarters, or an estimated \$96,000 per year. It is possible that a portion - or all - of that decrease would be made up if HB 1383 is enacted, and if Fargo authorizes 2:00 AM closing. Any positive fiscal impact from other communities opting to authorize 2:00 AM closing cannot be determined.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget.*

Indicate the relationship between the amounts shown for expenditures and appropriations.

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