

Department of Alcoholic Beverage Control

Program Performance Improvement Initiative

2019-20 Budget

The Budget Act of 2019 includes a multi-year plan to strengthen and modernize the Department of Alcoholic Beverage Control (ABC) in order to improve services to the public, ensure public safety, keep pace with the growing and evolving alcohol beverage industry, and maximize operational efficiency. The budget also includes adjustments to licensing fees that provide revenue to address the existing revenue shortfall and support the proposed improvements.

Improved Services to Stakeholders

The budget provides funding and resources for the following program performance improvements:

- Modernize ABC through a multi-year plan to invest in online services and internal automation (e.g., online license applications, online license renewals, and electronic payments).
- Increase licensing capacity to keep pace with the growing industry and provide a sufficient level of service to new applicants and business owners.
- Increase enforcement staffing to provide a higher level of service in curbing youth access to alcohol, enforcing criminal laws in and around licensed premises, and responding to community complaints.
- Transfer licensing personnel into a newly created Licensing Division designed to enhance expertise needed to meet the challenges of the increasingly complex alcohol industry.
- Increase efficiency to address the current backlog of regulatory issues and industry questions.

Keeping Pace with Industry

ABC's staffing levels have been essentially flat since the Department's inception in 1955, despite tremendous industry growth and an exponential increase in the complexity of governing law.

In 1955, ABC was authorized 445 positions to regulate 44,925 licenses. There are now 92,277 licenses, and ABC has only 14 more positions (459).

The budget includes the addition of 40 positions and \$8.2 million in funding from the ABC Fund in 2019-20, growing to 57 positions and \$10.2 million in 2022-23, to implement the program performance improvements.

At the conclusion of the four years of proposed growth, ABC will be just 17 percent larger than it was in 1955, but it will be much better positioned than today to provide the services the industry and public expect from a modern department.

Summary of Fee Adjustments

The budget makes a significant change in the approach to application and renewal fees.

APPLICATION FEES

Many of ABC's licensee application fees were established in 1968 and 1983, and they have never been changed or increased. Under that model, the application fee for most new permanent licenses (except those that authorize the sale of distilled spirits) were just \$100 to \$300. The fee for transferring a license from one location to another was only \$100, despite requiring an extensive investigation of the new location by the Department.

The budget authorizes the Department to charge application fees that are based on the average cost of the work related to the application. Under this new model, multiple licenses that are for the same location and are applied for at the same time are charged just one application fee.

The following application fees are authorized in the Budget Act of 2019, and will become effective on July 1, 2019:

- The application fee for most new permanent licenses, which are currently \$100 to \$300, will be \$905, (e.g. beer manufacturers, winegrowers, off-sale and on-sale beer and wine retailers)
- Person-to-person application fee will be \$335 for non-general licenses and \$1,250 for general licenses.
- Premises-to-premises application fee will be \$780 for all licenses.
- Person-to-person and premises-to-premises transfer will be \$905 for non-general licenses and \$1,250 for general licenses
- Corporate updates will have a new fee of \$300
- Premises change will have a new fee of \$345
- Premises expansions will have a fee of \$380

It should be noted there will be no change in application fees for new on-sale or off-sale general licenses (Types 21, 47, 48, 57, 62, 64, 70, 71, 75, 78, 83, 87, 88).

ANNUAL RENEWAL FEES

The adjustments to annual renewal fees included in the Budget Act of 2019 are designed to create a more equitable approach in which licenses with similar privileges are charged similar amounts. For example, a manufacturer with retail privileges will be charged the same, or similar amount, as a retailer, based on the Department's enforcement costs associated with retailers.

The following shows fee adjustments for the most commonly held ABC license in the state. The annual renewal fees are authorized in the Budget Act of 2019, and will become effective on October 1, 2019

<u>License Type</u>	<u>Current Fee</u>	<u>New Fee</u>
Winegrower (Type 02)	\$71 - \$466	\$100 - \$540
Beer and Wine Importer (Type 09)	\$77	\$110
Beer and Wine Wholesaler (Type 17)	\$340	\$380
Off-Sale Beer and Wine (Type 20)	\$278	\$380
Off-Sale General (Type 21)	\$617	\$755
On-Sale Beer and Wine Eating Place (Type 41)	\$384	\$430
On-Sale General Eating Place (Type 47)	\$326 - \$971	\$755 - \$1,190
On-Sale General Public Premises (Type 48)	\$632 - \$971	\$755 - \$1,190

CATERING PERMITS, EVENT PERMITS AND DAILY LICENSE FEES

Adjustments to catering permits, event permits, and daily license fees are also included in the Budget Act of 2019. The following shows the change in fees:

- Catering Permits and Event Permits will be based on a tiered fee structure based on daily attendance: \$100 (under 1,000), \$325 (1,000 to 5,000), \$1,000 (5,000+)
- Daily Beer and Wine License will be \$50
- Daily General License will be \$75

For information on the new fee schedule and application forms, please visit ABC's website at www.abc.ca.gov