

Director: Leesa Berens Morrison

JLBC Analyst: Martin Lorenzo III

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
<b>OPERATING BUDGET</b>			
Full Time Equivalent Positions	42.2	42.2	47.2
Personal Services	1,500,600	1,633,400	1,703,500
Employee Related Expenditures	490,700	561,200	671,500
Professional and Outside Services	39,700	14,500	14,500
Travel - In State	174,000	165,800	165,800
Travel - Out of State	9,700	1,500	1,500
Other Operating Expenditures	432,100	1,670,100	1,658,200
Equipment	166,800	127,500	148,100
<b>OPERATING SUBTOTAL</b>	<b>2,813,600</b>	<b>4,174,000</b>	<b>4,363,100<sup>1/2/</sup></b>
<b>SPECIAL LINE ITEMS</b>			
Ch. 383 Illegal Liquor Sales; Liability	0	0	450,000
<b>AGENCY TOTAL</b>	<b>2,813,600</b>	<b>4,174,000</b>	<b>4,813,100</b>

**FUND SOURCES**

General Fund	2,813,600	4,174,000	4,813,100
<b>SUBTOTAL - Appropriated Funds</b>	<b>2,813,600</b>	<b>4,174,000</b>	<b>4,813,100</b>
Other Non-Appropriated Funds	660,200	828,200	828,200
Federal Funds	469,400	280,300	0
<b>TOTAL - ALL SOURCES</b>	<b>3,943,200</b>	<b>5,282,500</b>	<b>5,641,300</b>

**AGENCY DESCRIPTION** — The department licenses, investigates and regulates the production, distribution, and sale of alcoholic beverages throughout the state.

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 Approved
• Investigations and routine liquor inspections completed	2,517	2,760	2,850	3,000
• Average calendar days to complete an investigation	30	31	31	30
• % of customers who responded to the survey reporting “very good” or “excellent” service Comments: The agency did not submit information for any measure labeled as “NA.”	86	79	NA	86

This agency’s budget was originally appropriated in Laws 2005, Chapter 286. For details on this agency’s original FY 2007 budget, please see the *FY 2006 Appropriations Report*. Laws 2006, Chapter 344 made adjustments to the agency’s FY 2007 budget as discussed below.

includes an increase of \$259,900 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

**Operating Budget**

The budget provides \$4,363,100 from the General Fund for the operating budget in FY 2007. This amount

**Special Line Items**

**Ch. 383 Illegal Liquor Sales; Liability**

Laws 2006, Chapter 383 includes \$450,000 and 5 FTE Positions from the General Fund in FY 2007 to hire 3

<sup>1/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency.

<sup>2/</sup> Includes \$1,250,000 appropriated by Laws 2005, Chapter 284 from increased liquor license revenues generated in FY 2007 to be used for the purchase of equipment and services necessary to improve the departments data processing systems.

investigators and 2 auditors to address an anticipated increase in workload resulting from a limited number of special restaurant license approvals.

Chapter 383 allows a limited number of restaurant licensees who, absent Chapter 383, would otherwise not meet the definition of a restaurant, to continue to operate as a restaurant should the department grant them permission. A restaurant is defined as an establishment which derives at least 40% of its gross revenue from the sale of food, including sales of food for consumption off the licensed premises if the amount of these off-site sales does not exceed 15% of all gross revenue of the restaurant. Prior to Chapter 383, if an audit revealed that the licensee did not meet the definition of a restaurant, the department would revoke the license. However, in practice the establishment may attempt to secure a spirituous liquor license, which does not have the food sale requirement a restaurant license has.

Under Chapter 383, up to 15 restaurant licensees annually through FY 2008 may be granted permission to continue to operate if the department has determined, either through audit or consent agreement, that the establishment's food sales to total sales are at least 30% but less than 40%. In addition, should a licensee request to continue to operate after this determination is made, they must request the continuation from the department as well as meet additional criteria at the time of the request to be eligible. Those receiving approval may continue to operate beyond FY 2008 should the establishment continue to meet the criteria established by this chapter.

Chapter 383 is estimated to increase revenues to the General Fund as a result of an additional license annual fee, to be determined by the department. This new fee, which is to be deposited into the General Fund, is in addition to the \$500 charged annually to those holding a restaurant license. In FY 2007, revenues from the new license fee are estimated to total \$450,000, offsetting the cost of Chapter 383.