

Director: Jerry Oliver, Sr.

JLBC Analyst: Kevin Bates

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	42.2	47.2	47.2	47.2
Personal Services	1,498,000	1,690,900	1,741,300	1,690,900
Employee Related Expenditures	524,800	696,600	739,100	686,800
Professional and Outside Services	49,400	14,600	16,300	14,600
Travel - In State	231,700	165,700	165,700	165,700
Travel - Out of State	7,600	1,500	1,500	1,500
Other Operating Expenditures	1,728,600	2,095,700	844,200	836,500
Equipment	133,800	148,100	138,100	138,100
AGENCY TOTAL	4,173,900	4,813,100	3,646,200	3,534,100^{1/}
FUND SOURCES				
General Fund	4,173,900	4,813,100	3,646,200	3,534,100
SUBTOTAL - Appropriated Funds	4,173,900	4,813,100	3,646,200	3,534,100
Other Non-Appropriated Funds	765,600	1,069,700	1,069,700	1,069,700
Federal Funds	682,200	340,700	340,700	340,700
TOTAL - ALL SOURCES	5,621,700	6,223,500	5,056,600	4,944,500

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

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	Approved
• Investigations and routine liquor inspections completed	2,760	3,309	3,761	3,750
• Average calendar days to complete an investigation	31	31	33	33
• % of customers who responded to the survey reporting “very good” or “excellent” service	79	NA	85	86

Operating Budget

The budget provides \$3,646,200 and 47.2 FTE Positions from the General Fund for the operating budget in FY 2008 and \$3,534,100 and 47.2 FTE Positions in FY 2009. These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$93,100 from the General Fund in FY 2008 and a decrease of \$(19,000) in FY 2009 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)*

One-Time Funding for Data Processing

The budget provides a decrease of \$(1,250,000) from the General Fund in FY 2008 and FY 2009 for one-time equipment and services needed to improve the department’s data processing systems.

Laws 2005, Chapter 284 appropriated \$1,250,000 from increased liquor license revenues that were expected in FY 2006 and FY 2007. These revenues were anticipated as a result of the issuance of additional liquor licenses each year through FY 2010.

According to a formula based on county population, the department estimated it would issue additional licenses, which would increase licensing revenues by about \$6,300,000. A statutory sharing formula outlined how

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

much of this amount was to be distributed to the department, to counties, and to the state. Per the formula, at least two-thirds of this revenue is deposited in the General Fund. As of May 30, 2007, the department had issued 62 licenses and collected approximately \$5,651,900. The agency held a lottery drawing on May 8, 2007 to make another 52 licenses available; however, the agency reported that no additional revenue from these licenses had been collected. If all 52 licenses are approved, the agency would receive an additional \$4,903,900.

One-Time Funding for Equipment Reduction

The budget provides a decrease of \$(10,000) from the General Fund in FY 2008 and FY 2009 for one-time equipment monies related to the addition of 3 investigators and 2 auditors hired in FY 2007 to address an increase in workload.

Laws 2006, Chapter 383 appropriated \$450,000 to hire these additional 5 FTE Positions, which were included in the agency's FY 2007 appropriation. Chapter 383 allows a limited number of restaurant licensees who otherwise would not have met the definition of a restaurant to continue operating if the department gives them permission. A restaurant is defined as an establishment that 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. As of May 30, 2007, there were 3 licenses of this type pending.

The department has set this one-time license fee at \$30,000. 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. If all 15 licenses were issued, revenues from the new fee would total \$450,000, offsetting the cost of Chapter 383.