

HOUSE BILL NO. 623

INTRODUCED BY
HARRINGTON, LYNCH, O'CONNELL, DRISCOLL,
PAVLOVICH, HANSEN, SQUIRES, WALKER, JACOBSON,
HAFFEY, MANNING, HARPER, BOYLAN, GOULD

IN THE HOUSE

FEBRUARY 5, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & LABOR.

FEBRUARY 21, 1987 ON MOTION, TAKEN FROM COMMITTEE ON
BUSINESS AND LABOR, PRINTED, AND
PLACED ON SECOND READING.

 PRINTING REPORT.

FEBRUARY 23, 1987 SECOND READING, DO PASS AS AMENDED.

FEBRUARY 24, 1987 ENGROSSING REPORT.

FEBRUARY 25, 1987 THIRD READING, PASSED.
AYES, 69; NOES, 25.

 TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 2, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

MARCH 5, 1987 ON MOTION, REREFERRED TO COMMITTEE
ON STATE ADMINISTRATION.

MARCH 23, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 28, 1987 SECOND READING, CONCURRED IN.

MARCH 30, 1987 THIRD READING, CONCURRED IN.
AYES, 41; NOES, 9.

 RETURNED TO HOUSE.

IN THE HOUSE

MARCH 31, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

APRIL 2, 1987

ENROLLING REPORT.

APRIL 3, 1987

SIGNED BY SPEAKER.

IN THE SENATE

APRIL 4, 1987

SIGNED BY PRESIDENT.

IN THE HOUSE

APRIL 4, 1987

DELIVERED TO GOVERNOR.

APRIL 9, 1987

RETURNED FROM GOVERNOR WITH
RECOMMENDED AMENDMENTS.

APRIL 15, 1987

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 16, 1987

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 20, 1987

SECOND READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

APRIL 21, 1987

THIRD READING, GOVERNOR'S RECOM-
MENDED AMENDMENTS CONCURRED IN.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 21, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

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683
 House BILL NO. 683

INTRODUCED BY Hamilton Lynet O'Connell
Pauline Fath Richard E. Manning
Walter Jackson Richard E. Manning

A BILL FOR AN ACT ENTITLED "AN ACT GENERALLY REVISING THE
 LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE

6 CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE
 7 DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A
 8 PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE;
 9 REQUIRING SUFFICIENT WAREHOUSE INVENTORY TO SERVICE LIQUOR
 10 STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN
 11 IMMEDIATE EFFECTIVE DATE."

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 16-2-101, MCA, is amended to read:

15 "16-2-101. Establishment and closure of state liquor
 16 stores -- kinds and prices of liquor. (1) (a) The department
 17 shall establish and maintain one or more stores, to be known
 18 as "state liquor stores", as the department finds feasible
 19 for the sale of liquor in accordance with the provisions of
 20 this code and the rules made thereunder.

21 (b) The department shall enter into an agency
 22 agreement or employ the necessary help to operate said
 23 stores and shall designate the duties to be performed by the
 24 agent or employees.

25 (c) Once established, a store may not be closed,

1 converted to an agency store, or sold by the department
 2 unless:

3 (i) the store is returning less revenue to the state
 4 than it would if operated under an agency agreement with the
 5 agency store receiving a 10% commission on adjusted gross
 6 sales; or

7 (ii) the closure or sale is approved by the
 8 legislature.

9 (2) The department may from time to time fix the
 10 prices at which the various classes, varieties, and brands
 11 of liquor may be sold, and prices shall be the same at all
 12 state stores.

13 (3) State liquor stores must be considered for
 14 closure, conversion, or sale only when a store lease
 15 expires. Prior to the expiration of a lease, the department
 16 may conduct a financial profitability analysis using the
 17 criteria in subsection (1)(c)(ii). In computing profit
 18 levels of state-operated stores, the costs of the licensing
 19 bureau and the legal and enforcement division, other than
 20 inspection costs directly attributable to liquor stores, may
 21 not be included as expenses. The revenue oversight committee
 22 must be informed of all plans for conversion, sale, or
 23 closure of state liquor stores.

24 (4) All agency stores must receive a 10% commission on
 25 adjusted gross sales.



1 (5) The department shall maintain sufficient inventory
2 in the state warehouse in order to meet a monthly service
3 level of at least 97%."

4 NEW SECTION. Section 2. Extension of authority. Any
5 existing authority of the department of revenue to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 3. Effective date. This act is
9 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB623, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act generally revising the law governing state liquor stores; preventing the closure, conversion, or sale of liquor stores operated by the Department of Revenue unless a store is not operating at a profit or such closure has been approved by the legislature; requiring sufficient warehouse inventory to service liquor stores; and providing an immediate effective date.

ASSUMPTIONS:

1. The change in systems, embodied in this proposal, will not cause a reduction in gallons of liquor or wine sold.
2. Revenue Estimating Advisory Council (REAC) assumptions are the basis for comparison.
3. Liquor and wine consumption (in gallons) was 1,479,164 in FY86 and will be 1,326,919 in FY88 and 1,257,159 in FY89.
4. Liquor profit allocation: 100% general fund.

FISCAL IMPACT:

Revenue Impact:


	FY88			FY89		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Liquor Profit	\$ 4,151,000	\$ 4,047,393	\$ (103,607)	\$ 3,789,000	\$ 3,616,891	\$ (172,109)

Expenditure Impact:

Operating Expenses	\$ 6,816,000	\$ 6,919,607	\$ 103,607	\$ 6,764,000	\$ 6,936,109	\$ 172,109
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FUND INFORMATION:

General Fund	\$ 4,151,000	\$ 4,047,393	\$ (103,607)	\$ 3,789,000	\$ 3,616,891	\$ (172,109)
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 DATE 2/12/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

 DATE 2/13
 DAN HARRINGTON, PRIMARY SPONSOR

Fiscal Note for HB623, as introduced.

HB 623

LC 1349/01
COMM. ON
BUSINESS AND LABOR
WITHOUT RECOMMENDATION
ON MOTION, PRINTED AND
PLACED ON SECOND READING

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House BILL NO. *623*
INTRODUCED BY *Harrington Lynet O'Connell*
David Carlisle *Stath Jantunen* *Quigley*
Walker *Jacob* *Richard E. Manning* *Boh*
A BILL FOR AN ACT ENTITLED *nothing* "AN ACT GENERALLY REVISING THE
LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE

CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE
DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A
PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE;
REQUIRING SUFFICIENT WAREHOUSE INVENTORY TO SERVICE LIQUOR
STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
Section 1. Section 16-2-101, MCA, is amended to read:
"16-2-101. Establishment and closure of state liquor
stores -- kinds and prices of liquor. (1) (a) The department
shall establish and maintain one or more stores, to be known
as "state liquor stores", as the department finds feasible
for the sale of liquor in accordance with the provisions of
this code and the rules made thereunder.
(b) The department shall enter into an agency
agreement or employ the necessary help to operate said
stores and shall designate the duties to be performed by the
agent or employees.
(c) Once established, a store may not be closed,

converted to an agency store, or sold by the department
unless:
(i) the store is returning less revenue to the state
than it would if operated under an agency agreement with the
agency store receiving a 10% commission on adjusted gross
sales; or
(ii) the closure or sale is approved by the
legislature.
(2) The department may from time to time fix the
prices at which the various classes, varieties, and brands
of liquor may be sold, and prices shall be the same at all
state stores.
(3) State liquor stores must be considered for
closure, conversion, or sale only when a store lease
expires. Prior to the expiration of a lease, the department
may conduct a financial profitability analysis using the
criteria in subsection (1)(c)(ii). In computing profit
levels of state-operated stores, the costs of the licensing
bureau and the legal and enforcement division, other than
inspection costs directly attributable to liquor stores, may
not be included as expenses. The revenue oversight committee
must be informed of all plans for conversion, sale, or
closure of state liquor stores.
(4) All agency stores must receive a 10% commission on
adjusted gross sales.



1 (5) The department shall maintain sufficient inventory
2 in the state warehouse in order to meet a monthly service
3 level of at least 97%."

4 NEW SECTION. Section 2. Extension of authority. Any
5 existing authority of the department of revenue to make
6 rules on the subject of the provisions of this act is
7 extended to the provisions of this act.

8 NEW SECTION. Section 3. Effective date. This act is
9 effective on passage and approval.

-End-

1 HOUSE BILL NO. 623

2 INTRODUCED BY

3 HARRINGTON, LYNCH, O'CONNELL, DRISCOLL,
4 PAVLOVICH, HANSEN, SQUIRES, WALKER, JACOBSON,
5 HAFPEY, MANNING, HARPER, BOYLAN, GOULD
6

7 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
8 LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE,
9 CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE
10 DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A
11 PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE;
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13 STORES; AMENDING SECTION 16-2-101, MCA; AND PROVIDING AN
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20 shall establish and maintain one or more stores, to be known
21 as "state liquor stores", as the department finds feasible
22 for the sale of liquor in accordance with the provisions of
23 this code and the rules made thereunder.

24 (b) The department shall enter into an agency
25 agreement or employ the necessary help to operate said

1 stores and shall designate the duties to be performed by the
2 agent or employees.

3 (c) Once established, a store may SHALL not be closed,
4 converted to an agency store, or sold by the department
5 unless:

6 (i) the store is returning less revenue to the state
7 than it would if operated under an agency agreement with the
8 agency store receiving a 10% commission on adjusted gross
9 sales THAN A 10% PROFIT TO THE STATE; or

10 (ii) the closure or sale is approved by the
11 legislature.

12 (2) The department may from time to time fix the
13 prices at which the various classes, varieties, and brands
14 of liquor may be sold, and prices shall be the same at all
15 state stores.

16 (3) (A) State liquor stores must be considered for
17 closure, conversion, or sale only when a store lease
18 expires. Prior to the expiration of a lease, the department
19 may conduct a financial profitability analysis using the
20 criteria in subsection (1)(C)(I). In computing
21 profit levels of state-operated stores, the costs of the
22 licensing bureau and the legal and enforcement division,
23 other than inspection costs directly attributable to liquor
24 stores, may not be included as expenses. The revenue
25 oversight committee must be informed of all plans for

1 conversion, sale, or closure of state liquor stores.

2 (B) NO AGENCY STORES SHALL BE LOCATED IN OR ADJACENT
3 TO GROCERY STORES IN COMMUNITIES WITH POPULATIONS OVER
4 3,000. THIS PROVISION IS APPLICABLE ONLY TO AGENCY
5 AGREEMENTS ENTERED INTO AFTER [THE EFFECTIVE DATE OF THIS
6 ACT].

7 (4) All agency stores must receive a 10% commission on
8 adjusted gross sales.

9 (5) The department shall maintain sufficient inventory
10 in the state warehouse in order to meet a monthly service
11 level of at least 97%."

12 NEW SECTION. Section 2. Extension of authority. Any
13 existing authority of the department of revenue to make
14 rules on the subject of the provisions of this act is
15 extended to the provisions of this act.

16 NEW SECTION. Section 3. Effective date. This act is
17 effective on passage and approval.

-End-

1 HOUSE BILL NO. 623

2 INTRODUCED BY

3 HARRINGTON, LYNCH, O'CONNELL, DRISCOLL,

4 PAVLOVICH, HANSEN, SQUIRES, WALKER, JACOBSON,

5 HAFHEY, MANNING, HARPER, BOYLAN, GOULD

6
7 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
8 LAW GOVERNING STATE LIQUOR STORES; PREVENTING THE CLOSURE,
9 CONVERSION, OR SALE OF LIQUOR STORES OPERATED BY THE
10 DEPARTMENT OF REVENUE UNLESS A STORE IS NOT OPERATING AT A
11 PROFIT OR SUCH CLOSURE HAS BEEN APPROVED BY THE LEGISLATURE;
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21 as "state liquor stores", as the department finds feasible
22 for the sale of liquor in accordance with the provisions of
23 this code and the rules made thereunder.

24 (b) The department shall enter into an agency
25 agreement or employ the necessary help to operate said

1 stores and shall designate the duties to be performed by the
2 agent or employees.

3 (c) Once established, a store may SHALL not be closed,
4 converted to an agency store, or sold by the department
5 unless:

6 (i) the store is returning less revenue-to-the-state
7 than-it-would-if-operated-under-an-agency-agreement-with-the
8 agency-store-receiving-a-10% commission--on--adjusted--gross
9 sales THAN A 10% PROFIT TO THE STATE; or

10 (ii) the closure or sale is approved by the
11 legislature.

12 (2) The department may from time to time fix the
13 prices at which the various classes, varieties, and brands
14 of liquor may be sold, and prices shall be the same at all
15 state stores.

16 (3) (A) State liquor stores must be considered for
17 closure, conversion, or sale only when a store lease
18 expires. Prior to the expiration of a lease, the department
19 may conduct a financial profitability analysis using the
20 criteria in subsection (i)(e)(iii) (1)(C)(I). In computing
21 profit levels of state-operated stores, the costs of the
22 licensing bureau and the legal and enforcement division,
23 other than inspection costs directly attributable to liquor
24 stores, may not be included as expenses. The revenue
25 oversight committee must be informed of all plans for

1 conversion, sale, or closure of state liquor stores.

2 (B) NO AGENCY STORES SHALL BE LOCATED IN OR ADJACENT
3 TO GROCERY STORES IN COMMUNITIES WITH POPULATIONS OVER
4 3,000. THIS PROVISION IS APPLICABLE ONLY TO AGENCY
5 AGREEMENTS ENTERED INTO AFTER (THE EFFECTIVE DATE OF THIS
6 ACT).

7 (4) All agency stores must receive a 10% commission on
8 adjusted gross sales.

9 (5) The department shall maintain sufficient inventory
10 in the state warehouse in order to meet a monthly service
11 level of at least 97%."

12 NEW SECTION. Section 2. Extension of authority. Any
13 existing authority of the department of revenue to make
14 rules on the subject of the provisions of this act is
15 extended to the provisions of this act.

16 NEW SECTION. Section 3. Effective date. This act is
17 effective on passage and approval.

-End-

GOVERNOR'S AMENDMENTS
TC HOUSE BILL NO. 623
(Reference Copy)
April 9, 1987

3. Page 3, lines 7 and 8.
Strike: subsection 4 in its entirety
Insert: "(4) Agency stores must receive commissions based on adjusted gross sales as follows:
(a) a 10% commission for agencies in communities with less than 3,000 in population;
(b) a commission established by competitive bidding for agencies in communities with 3,000 or more in population."
1. Title, line 8.
Following: "STORES;"
Strike: "PREVENTING"
Insert: "SPECIFYING THE CONDITIONS FOR"
2. Title, lines 10 and 11.
Following: "REVENUE" on line 11
Strike: remainder of line 10 through "LEGISLATURE" on line 11

-END-

HOUSE BILL NO. 623

INTRODUCED BY

HARRINGTON, LYNCH, O'CONNELL, DRISCOLL,
PAVLOVICH, HANSEN, SQUIRES, WALKER, JACOBSON,
HAFFEY, MANNING, HARPER, BOYLAN, GOULD

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE
LAW GOVERNING STATE LIQUOR STORES; PREVENTING SPECIFYING THE
CONDITIONS FOR THE CLOSURE, CONVERSION, OR SALE OF LIQUOR
STORES OPERATED BY THE DEPARTMENT OF REVENUE UNLESS-A--STORE
IS--NOT--OPERATING--AT--A--PROFIT--OR--SUCH-CLOSURE-HAS-BEEN
APPROVED-BY-THE-LEGISLATURE; REQUIRING SUFFICIENT WAREHOUSE
INVENTORY TO SERVICE LIQUOR STORES; AMENDING SECTION
16-2-101, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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agreement or employ the necessary help to operate said

stores and shall designate the duties to be performed by the
agent or employees.

(c) Once established, a store may SHALL not be closed,
converted to an agency store, or sold by the department
unless:

(i) the store is returning less revenue-to--the--state
than-it-would-if-operated-under-an-agency-agreement-with-the
agency--store--receiving--a-10%--commission-on-adjusted-gross
sales THAN A 10% PROFIT TO THE STATE; or

(ii) the closure or sale is approved by the
legislature.

(2) The department may from time to time fix the
prices at which the various classes, varieties, and brands
of liquor may be sold, and prices shall be the same at all
state stores.

(3) (A) State liquor stores must be considered for
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expires. Prior to the expiration of a lease, the department
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criteria in subsection ~~(i)(c)(iii)~~ (1)(C)(I). In computing
profit levels of state-operated stores, the costs of the
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other than inspection costs directly attributable to liquor
stores, may not be included as expenses. The revenue
oversight committee must be informed of all plans for



1 conversion, sale, or closure of state liquor stores.

2 (B) NO AGENCY STORES SHALL BE LOCATED IN OR ADJACENT
3 TO GROCERY STORES IN COMMUNITIES WITH POPULATIONS OVER
4 3,000. THIS PROVISION IS APPLICABLE ONLY TO AGENCY
5 AGREEMENTS ENTERED INTO AFTER [THE EFFECTIVE DATE OF THIS
6 ACT].

7 ~~(4) -- All agency stores must receive a 10% commission on~~
8 ~~adjusted gross sales.~~

9 (4) AGENCY STORES MUST RECEIVE COMMISSIONS BASED ON
10 ADJUSTED GROSS SALES AS FOLLOWS:

11 (A) A 10% COMMISSION FOR AGENCIES IN COMMUNITIES WITH
12 LESS THAN 3,000 IN POPULATION;

13 (B) A COMMISSION ESTABLISHED BY COMPETITIVE BIDDING
14 FOR AGENCIES IN COMMUNITIES WITH 3,000 OR MORE IN
15 POPULATION.

16 (5) The department shall maintain sufficient inventory
17 in the state warehouse in order to meet a monthly service
18 level of at least 97%."

19 NEW SECTION. Section 2. Extension of authority. Any
20 existing authority of the department of revenue to make
21 rules on the subject of the provisions of this act is
22 extended to the provisions of this act.

23 NEW SECTION. Section 3. Effective date. This act is
24 effective on passage and approval.

-End-