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STATE REPRESENTATIVE • 4TH ASSEMBLY DISTRICT

**Prepared Testimony by Rep. David Steffen before the
Assembly Committee on State Affairs and Government Operations
Assembly Bill 612: Municipal quotas for retail intoxicating liquor licenses
January 6, 2015**

Chairman Swearingen and Committee Members,

Thank you for scheduling a public hearing for Assembly Bill 612. This bipartisan bill creates two additional pathways to obtain a “Class B” liquor license for municipalities that have exhausted all licenses available to them based on our state’s quota system. This legislation was crafted in order to promote economic development and foster a business friendly environment, while at the same time, protecting the value of these licenses. As such, this bill has earned the support of a broad range of stakeholders including the Tavern League, the League of Municipalities, the Realtors Association, the Restaurant Association, and the Hotel and Lodging Association.

The Village of Ashwaubenon has become home to the Green Bay Packers Titletown District, a \$130 million development surrounding Lambeau Field. The development will include high-end restaurants and hotels including Hinterland Brewery and Lodge Kohler. Problem: Ashwaubenon has no additional liquor licenses for future tenants in the Titletown District. While Hinterland and Kohler meet existing license exceptions, any smaller sports bars and businesses looking to open their doors in this development would be unable to obtain a “Class B” license. While the starting point for this bill came from a district-specific issue, the solution this legislation offers will be beneficial to municipalities and development projects throughout the state.

AB 612 offers two solutions to municipalities that find themselves in Ashwaubenon’s position. The first solution is the Regional Transfer Option. This option allows a municipality to transfer up to three of its “Class B” licenses to a neighboring (within 2 miles) municipality for a minimum price of \$10,000 per license. In the case of the Titletown District, the City of Green Bay has already expressed willingness to sell three of its licenses to the Packers, adding support to the claim that this is an attractive option to both parties of this transaction. **This option allows for unused licenses to be tapped into and incentivizes regional transferring by allowing municipalities to set their own transfer price.**

The second option is the Premier Economic Development District (PEDD) Option. This bill defines a PEDD as having a new construction value of at least \$20 million, a footprint of no more than 40 acres, contiguous property, and does not include single family or industrial parcels.



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A municipality can establish one PEDD and determine its boundaries by 2/3 vote of the governing body. A municipality can issue up to two Premier “Class B” Reserved licenses to a PEDD for a minimum of \$30,000 each. These two licenses do not count against a municipality’s quota. **This option incentivizes investments into our communities by providing additional license opportunities if PEDD requirements are met. Ultimately, the PEDD option will allow future projects to turn their full potential into reality.**

Finally, this bill clarifies the definition of a 300 seat restaurant for the purpose of meeting a liquor license exception. Current law provides a quota exception for a 300 seat restaurant. Essentially, this provision clarifies existing statutes and ensures the usual and customary seating capacity threshold for a license exemption is calculated using only the facility’s interior seating capacity (i.e. permanent) versus a combined total seating amount that includes external or seasonal (i.e. non-permanent) capacities provided through patios and decks.

Assembly Bill 612 is the solution to a real problem faced by any community tapped out of licenses, but looking to develop. AB 612 demonstrates a pro-business commitment to encouraging investment in our communities, the benefits of which go far beyond the borders of a municipality. I strongly encourage you to support AB 612.

Thank you for allowing me to testify, and I welcome your questions and input.

Fiscal Estimate - 2015 Session

Original Updated Corrected Supplemental

LRB Number 15-3896/1	Introduction Number AB-0612
Description Municipal quotas for retail intoxicating liquor licenses	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input checked="" type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Robert Schmidt (608) 266-5773	Authorized Signature Robert Schmidt (608) 266-5773
Date 1/6/2016	

Fiscal Estimate Narratives

DOR 1/6/2016

LRB Number 15-3896/1	Introduction Number AB-0612	Estimate Type Original
Description		
Municipal quotas for retail intoxicating liquor licenses		

Assumptions Used in Arriving at Fiscal Estimate

RESERVE "CLASS B" LICENSE ISSUANCE FEE REBATES AND REFUNDS

Under current law, "Class B" liquor license quotas are based on the number of licenses previously issued in, and the population of, a municipality. Current law defines any "Class B" license issued after December 1, 1997 to be a "reserve" license. Municipalities must establish initial issuance fees of at least \$10,000 for reserve "Class B" licenses.

Under the bill, municipalities may not refund or rebate the initial issuance fee for a reserve "Class B" license to a "Class B" licensee, a person affiliated with a "Class B" licensee, or a person affiliated with the license application process.

The bill reduces expenditures for rebates and refunds paid by local governments.

"CLASS B" LIQUOR LICENSE TRANSFER

The bill allows municipalities to transfer up to three reserve "Class B" licenses to another municipality that is contiguous with, or within two miles of, the transferring municipality. The bill provides that the license quota of the transferring municipality is reduced, while the quota of the recipient municipality is increased, by the number of licenses transferred. The transferring municipality would establish, and receive, an issuance fee of not less than \$10,000 for each reserve "Class B" license.

The department does not have information on the number of reserve licenses available in each municipality. The transfer of licenses that would otherwise sit dormant would increase local issuance and renewal fee revenues.

PREMIER ECONOMIC DEVELOPMENT DISTRICT

The bill authorizes municipalities to designate a geographic area within the municipality as a premier economic development district and issue up to two additional reserve "Class B" liquor licenses in connection with an economic development project within the district. The bill defines "premier economic development district" as a geographic area not to exceed 40 acres subject to additional zoning and geographic restrictions. The bill defines "economic development project" as a project or projects within a premier economic development district that have an estimated comprehensive assessed valuation increase of at least \$20,000,000 as established by an independent 3rd-party appraiser or market research firm.

The bill requires a municipality that has designated a "premier economic development district" to establish an issuance fee of at least \$30,000 for the additional reserve "Class B" licenses.

The bill would allow an increase in local liquor license issuance and renewal fees. The magnitude of the impact depends on the number of municipalities willing and able to establish premier economic development districts, the number of licenses issued, and the issuance fees for the licenses. The additional licenses may result in an increase in local government expenditures for administrative and enforcement activities.

FULL-SERVICE RESTAURANT QUOTA EXCEPTION

Current law provides a quota exception for full-service restaurants with a seating capacity of at least 300. The bill modifies the exception to apply to full-service restaurants with an interior permanent seating capacity of at least 300.

This provision is not expected to have a fiscal effect.

Long-Range Fiscal Implications