


Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** October 15, 2019

**SUBJECT:** Fiscal Impact Statement – Alcoholic Beverage Control Board License  
Categories, Endorsements and Hourly and Percentage Rate  
Amendment Act of 2019

**REFERENCE:** Bill 23-254, Draft Committee Print as shared with the Office of Revenue  
Analysis on October 15, 2019

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**Conclusion**

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

**Background**

The Alcoholic Beverage Regulation Administration (ABRA) and the Alcoholic Beverage Control Board (Board) control, regulate, enforce, and adjudicate alcoholic beverages, laws governing alcoholic beverages, and violations of those laws. The bill amends laws concerning on-premises and off-premises license conditions, including those related to hotels, full-service grocery stores, and other special activities. The bill creates a new license for pub crawls. The bill also amends the reimbursable detail program, which is a partnership among ABRA, licensed establishments, and the Metropolitan Police Department (MPD).

The bill enhances and clarifies permit types and conditions for some on-premises licensed establishments or events. The bill establishes a new sports wagering<sup>1</sup> endorsement so that any alcohol-licensed establishment that has received a sports wagering license must have the

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<sup>1</sup> As defined in the Sports Wagering Lottery Amendment Act of 2018, effective May 3, 2019 (D.C. Law 22-312; D.C. Official Code § 36-601.01(c)(17)).

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endorsement on its ABRA license. The bill expands the eligibility for a multipurpose facility on-premises retailer's license to include movie theaters, indoor parks, or other facilities serving as recreational playgrounds or work spaces. The bill exempts from a general restriction on retailer's licenses in a residential zone<sup>2</sup> any establishment that has received approval from the Board of Zoning or where its annual alcohol sales are no more than 15 percent of its annual gross receipts. The bill enhances an exception<sup>3</sup> for licensed operators within a hotel by allowing the current holder of a class CH, DH, CR, DR, CT, or DT<sup>4</sup> license to apply for a class B off-premises retailer's license within the same hotel or, if the holder is already a class B off-premises retailer license holder within a hotel, a class B license within another hotel.

The bill establishes a new three-year pub crawl license whereby a licensee can host events featuring a group of licensed establishments within walking distance of one another during a specified time period. The bill sets a minimum annual fee of \$500 for a pub crawl license.

The bill also enhances and clarifies license conditions for some off-premises retailers. The bill prohibits an internet retailer from holding an interest in any other ABRA license. The bill exempts a class A or class B off-premises retailer from changing its class of license even if it is located within 400-feet of a school, university, or a Department of Parks and Recreation (DPR) facility.<sup>5</sup> This exemption only applies if the establishment is not located in a residential zone and no other off-premises retailer of the same class is located within 400-feet of the applicant. The bill exempts any off-premises internet retailer from an existing restriction prohibiting any class A or class B off-premises retailer from operating within 400 feet of a licensee of the same class.<sup>6</sup> The bill also exempts any class A or class B retailer from the same restriction if another off-premises retailer of the same class operated at the same location within the prior twelve months. The bill establishes delivery times for a wholesaler to deliver directly to customers between the hours of 7:00 AM and 12:00 AM, Monday through Sunday. The bill also expands the recipients to which a class A or class B wholesaler can deliver alcohol on Sundays to include any licensed recipient. Currently, Sunday deliveries are restricted to class F or class G temporary licensees.<sup>7</sup>

The bill amends some restrictions related to full-service grocery stores. The bill allows a store to apply for an on-premises retailer's license class CR or class DR.<sup>8</sup> The bill also eliminates a construction date and minimum renovation cost requirement for these stores, thus broadening the applicability of various alcohol regulation exemptions. These include exemptions for a class B licensee holding an interest in another ABRA license;<sup>9</sup> operating within 400-feet of a school,

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<sup>2</sup> D.C. Official Code § 25-336.

<sup>3</sup> D.C. Official Code § 25-303(f).

<sup>4</sup> D.C. Official Code § 25-113.

<sup>5</sup> D.C. Official Code § 25-314(b).

<sup>6</sup> D.C. Official Code § 25-333.

<sup>7</sup> D.C. Official Code § 25-721(b).

<sup>8</sup> D.C. Official Code § 25-113(b)(3).

<sup>9</sup> D.C. Official Code § 25-303.

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university, or DPR site; a moratorium on the issuance of class B licenses;<sup>10</sup> a 275 class B license quota;<sup>11</sup> and locating within 400-feet of another class B off-premises retailer's licensee.<sup>12</sup>

The bill amends license conditions associated with catering and special activities. The bill requires caterers to have reasonable and ongoing access to a kitchen licensed by the Department of Health and authorizes a caterer to purchase its alcohol from an internet retailer (off-premises retailer's license, class AI). The bill authorizes ABRA to issue a tasting permit to an internet retailer to host tastings at its licensed location if they are not open to the public and limited to temporary license holders, festival license holders, and caterers.<sup>13</sup> The bill also authorizes ABRA to issue a tasting permit to a private collector for tastings held in a common area of the private collector's storage facility. The permit would authorize a private collector to exceed the six-ounce sample limit that other licensees are restricted to for offering samples. The private collector would be restricted to pours of no more than two ounces per serving. The bill also allows a wholesaler to rent a licensed retail establishment for a one-day or one-time event, no more than once per calendar year. Wholesalers are otherwise prohibited from engaging in certain financial transactions with licensed retailers.<sup>14</sup>

The bill clarifies that a licensed business or establishment located in the District must store its alcoholic beverages at the licensed location unless it meets one of the prescribed exemptions.<sup>15</sup> The bill expands the off-premises retailer's license exemption to include class B licenses where only class A is exempt currently. The bill also authorizes a licensee to conduct other activities at the storage location, except the selling, serving, or consuming of alcoholic beverages.

ABRA supports a reimbursable detail program whereby a licensed on-premises establishment, pub crawl event, or special event can get MPD officers to police the outside of the establishment during certain hours of the day. Currently, ABRA pays 65 percent of the cost of the detail and the licensed establishment pays 35 percent. ABRA alters these shares from time-to-time via the rulemaking process. The bill eliminates the statutorily prescribed shares and gives ABRA the ability to set rates through publication in the D.C. Register.

The bill also increases the hourly pay-rate for a Board member performing official duties from \$40 to \$50, but it does not change the maximum annual compensation level of \$18,000.

The bill makes conforming amendments to align laws governing alcohol in the District with recent zoning changes.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. ABRA and the Board can implement the bill's enhancements and clarifications

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<sup>10</sup> D.C. Official Code § 25-332.

<sup>11</sup> D.C. Official Code § 25-331(b).

<sup>12</sup> D.C. Official Code § 25-333(b).

<sup>13</sup> Class B1 (beer and wine only) license holders are limited to temporary and festival license holders only.

<sup>14</sup> D.C. Official Code § 25-736(a).

<sup>15</sup> D.C. Official Code § 25-754.

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related to on-premises retailers, off-premises retailers, and special events within their existing budgeted resources. ABRA expects to maintain the existing cost-sharing structure for the reimbursable detail program. Also, the hourly compensation changes for the Board members has no impact on the budget because the maximum compensation amount remains unchanged.