

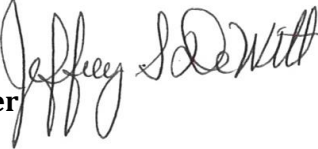
Government of the District of Columbia
Office of the Chief Financial Officer



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 Enforcement Amendment Act of 2019

REFERENCE: Bill 23-227, Draft Committee Print as shared with the Office of Revenue Analysis on October 15, 2019

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 changes and clarifies laws governing the operations of ABRA licensed individuals and businesses and the enforcement of those individuals and businesses.

The bill clarifies that wholesalers and manufacturers can sell alcoholic beverages directly to consumers. The bill requires that a wholesaler receive, take possession on its licensed premises for at least four hours, and record in its inventory any alcoholic beverages prior to shipping or delivering them to a retailer or consumer. The bill also allows any licensed on-premises retailer to serve back-

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FIS: Bill 23-227, "Alcoholic Beverage Enforcement Amendment Act of 2019," Draft Committee Print as shared with the Office of Revenue Analysis on October 15, 2019

up drinks¹ to customers. The bill expands the permitted activities of a licensee's employees who are eighteen years of age or older to include the delivery of alcoholic beverages off-premises.²

ABRA licenses managers to manage one or more licensed business in the District. A manager's license is good for two years and a manager must take a Board-approved training and education certification program every two years.³ The bill extends both the manager's license validity and training and education recertification requirement to every three years. Managers can currently have their licenses suspended, revoked, or not renewed if they lent their license to an unlicensed person in the prior two years.⁴ The bill expands the Board's authority to enforce this to include a fine, to cover infractions in the prior three years, and to enforce against an unlicensed person who borrows another's license. The bill also exempts an internet off-premises retailer (class AI or BI) from designating a licensed manager if that retailer is not open to the public.

The bill amends licensee posting and notification requirements. The bill expands the requirements for a licensed establishment's license posting to include the presence of any security plans or settlement agreements.⁵ It also no longer requires the license to be posted under glass. The bill requires a manufacturer to post in a front window or door of its establishment the name(s) of the licensee, the license number, and the class of the license in plain and legible lettering.

The bill establishes clear reporting requirements related to criminal convictions of any licensee. A licensee must immediately notify the Board when it discovers an approved manager, owner, or solicitor has been convicted within the last five years of a criminal offense, other than a minor traffic violation. The bill authorizes the Board to suspend or revoke an owner's license for a conviction, other than a minor traffic violation.⁶ The bill authorizes the board to suspend or revoke a manager's or solicitor's license if, during her or his employment, the licensee was convicted of a felony offense.

The bill requires the Office of Tax and Revenue (OTR) to notify the Board if any licensed establishment is subject to citation, revocation, or other enforcement action. The bill authorizes the Board to fine, suspend, or revoke the license of any licensee that knowingly destroys, alters, conceals, falsifies, or otherwise tampers with any evidence. The bill also allows the Board to cancel any license if it determines that a licensee has been evicted from the licensed premises and the licensee has not applied to the Board for safekeeping or transfer of the license. The bill clarifies that it is unlawful to forge any document and present it as a genuine ABRA document.⁷

¹ A back-up drink is one that is served to a customer before a customer has consumed a previously served drink.

² These employees are currently limited to selling, serving, delivering, or pouring alcohol beverages on the licensed premises.

³ Title 25, D.C. Code Enactment and Related Amendments Act of 2001, effective May 3, 2001 (D.C. Law 13-298; D.C. Official Code § 25-120(c) and (d)).

⁴ D.C. Official Code § 25-120(i)(A).

⁵ The bill requires a licensee to make a security plan or settlement agreement available to the Metropolitan Police Department or an ABRA official upon request. The licensee must also provide the settlement agreement to a member of the public upon request.

⁶ This provision also does not apply to any felony or misdemeanor convictions bearing on the fitness of the licensure which are enforced under D.C. Official Code § 25-301.

⁷ This currently only applies to forged portrayals of ABRA licenses.

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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, regulate, and enforce the bill's provisions within its existing budgeted resources. OTR currently notifies ABRA when it is taking enforcement actions, so the bill's OTR provision codifies existing practice and no additional resources are required.