



# DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

BUSINESS, ECONOMIC DEVELOPMENT & LABOR APPROPRIATIONS SUBCOMMITTEE  
STAFF: ANDREA WILKO

BUDGET BRIEF

**SUMMARY**

Utah is one of 18 liquor control states and one of two totally state-run systems. The Department of Alcoholic Beverage Control (DABC) currently operates 44 stores and approximately 100 package agencies. These state stores and package agencies are the exclusive retailers of liquor, wine and heavy beer (more than 3.2% alcohol by volume) in Utah. The department administers liquor laws and licenses on-premise businesses, temporary event permits, manufacturers, beer wholesalers, warehouses and liquor representatives.

**ISSUES AND RECOMMENDATIONS**

The subcommittee should consider the following items in its deliberations:

**Budget Adoption**

For the Department of Alcoholic Beverage Control, the Fiscal Analyst recommends an FY 2013 budget of \$31,418,600 as shown in the table on page 3 titled Alcoholic Beverage Control. All funding comes from the Liquor Control Fund.

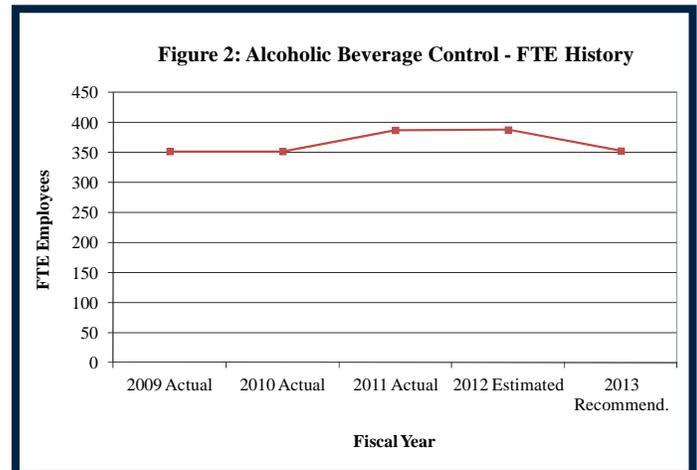
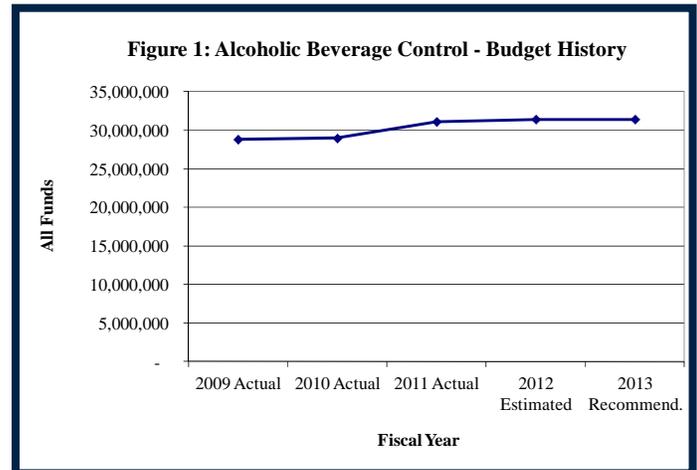
**Realign DABC Main Line Item**

The funding by program levels currently shown in the budget detail tables does not accurately reflect spending patterns. The Analyst recommends that the subcommittee realign the spending by program to more accurately reflect current expenditure trends. Currently the agency spends more in warehouse and distribution costs than is currently reflected and less in administration. Realigning the budgets will minimize transfers between programs at the end of a fiscal year.

**Governor’s Recommendation**

The Governor recommends the following from the Liquor Control Fund:

1. \$1,800,000 for liquor stores



**BACKGROUND AND ANALYSIS**

Without promoting the sale or consumption of alcoholic beverages, DABC operates as a public business to generate revenue for state and local government programs. The department licenses and regulates the sale of alcoholic beverages, as directed by statute, at prices that reasonably satisfy the public demand while also protecting the public interest.

Net profits generated through liquor sales are deposited into the General Fund and used to support state government operations. State law also requires a transfer of 10% of gross sales to support the school lunch program. A portion of the tax on beer also goes to local governments to help cover their costs of liquor law enforcement.

During the 2011 Interim the Department of Alcoholic Beverage Control has been the subject of intense scrutiny. As a result of an audit by the Legislative Auditor General the agency has gone through several changes including the implementation of new management and business practices. The new management has found approximately \$700,000 in one-time savings for the department in FY 2012, \$500,000 of which will be ongoing savings for FY 2013.

**PROGRAM BUDGET DETAILS**

The Department of Alcoholic Beverage Control is made up of two line items: Alcoholic Beverage Control main line item and the Parents Empowered line item.

The Parents Empowered Program "is a media and education campaign funded by the Utah Legislature and designed to prevent and reduce underage drinking in Utah by providing parents and guardians with information about the harmful effects of alcohol on the developing teen brain, along with proven skills for preventing underage alcohol use." Further information can be found at the Parents Empowered website: <http://www.parentsempowered.org/>.

The Parents Empowered Program is specifically designed to help minimize or eliminate the problem of underage drinking in Utah. Research largely shows that parental disapproval of their children drinking is the number one deterrent against youth consumption of alcohol. Thus, the program is designed and funded to help educate parents to better help their children. Funding for the line item in FY 2013 is \$1,473,700.

The main DABC line item is comprised of the following programs with corresponding FY 2013 budgets the Analyst proposed reallocations is shown in the column proposed reallocations:

	Base Budget Bill	% of Total	Proposed Reallocations	% of Total
Executive Director	\$1,755,600	6%	\$1,571,500	5%
Administration	\$5,188,400	17%	\$963,800	3%
Operations	\$2,432,000	8%	\$2,108,200	7%
Warehouse and Distribution	\$370,900	1%	\$2,101,000	7%
Stores and Agencies	\$20,198,000	67%	\$23,200,400	77%
<b>Total - DABC Main Line Item</b>	<b>\$29,944,900</b>	<b>100%</b>	<b>\$29,944,900</b>	<b>100%</b>

The Executive Director program also houses the compliance section of the DABC. The compliance officers at DABC work with educating potential and current licensees, reviewing applications for licenses to be recommended and presented to the DABC Commission, investigating violations of licensing regulations, and communicating with liquor enforcement officers at the local level to ensure proper controls throughout the state.

**BUDGET DETAIL**

The following tables show the budget history for the Department of Alcoholic Beverage Control and its respective line items.

**BUDGET DETAIL TABLE**

Alcoholic Beverage Control						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Liquor Control Fund	31,117,700	31,418,600	(300)	31,418,300	300	31,418,600
<b>Total</b>	<b>\$31,117,700</b>	<b>\$31,418,600</b>	<b>(\$300)</b>	<b>\$31,418,300</b>	<b>\$300</b>	<b>\$31,418,600</b>
<b>Line Items</b>						
Alcoholic Beverage Control	29,644,400	29,944,900	400	29,945,300	(400)	29,944,900
Parents Empowered	1,473,300	1,473,700	(700)	1,473,000	700	1,473,700
<b>Total</b>	<b>\$31,117,700</b>	<b>\$31,418,600</b>	<b>(\$300)</b>	<b>\$31,418,300</b>	<b>\$300</b>	<b>\$31,418,600</b>
<b>Categories of Expenditure</b>						
Personnel Services	18,420,900	14,205,200	5,885,800	20,091,000	(100)	20,090,900
In-state Travel	36,200	44,900	(11,900)	33,000	0	33,000
Out-of-state Travel	7,100	7,100	(10,800)	(3,700)	0	(3,700)
Current Expense	10,633,800	12,792,000	(1,641,800)	11,150,200	400	11,150,600
DP Current Expense	1,867,500	1,521,100	(1,468,800)	52,300	0	52,300
DP Capital Outlay	92,500	0	35,800	35,800	59,700	95,500
Capital Outlay	59,700	2,848,300	(2,788,600)	59,700	(59,700)	0
<b>Total</b>	<b>\$31,117,700</b>	<b>\$31,418,600</b>	<b>(\$300)</b>	<b>\$31,418,300</b>	<b>\$300</b>	<b>\$31,418,600</b>
<b>Other Data</b>						
Budgeted FTE	387.5	352.5	35.5	388.0	(35.0)	353.0
Vehicles	28	20	0	20	0	20

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Alcoholic Beverage Control - Main						
	FY 2011	FY 2012		FY 2012		FY 2013*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
Liquor Control Fund	29,644,400	29,944,900	400	29,945,300	(400)	29,944,900
<b>Total</b>	<b>\$29,644,400</b>	<b>\$29,944,900</b>	<b>\$400</b>	<b>\$29,945,300</b>	<b>(\$400)</b>	<b>\$29,944,900</b>
<b>Programs</b>						
Administration	5,408,200	1,092,200	4,096,200	5,188,400	0	5,188,400
Executive Director	1,763,000	1,799,200	(43,600)	1,755,600	0	1,755,600
Operations	2,284,200	1,507,500	924,500	2,432,000	0	2,432,000
Stores and Agencies	19,217,500	24,041,300	(3,842,900)	20,198,400	(400)	20,198,000
Warehouse and Distribution	971,500	1,504,700	(1,133,800)	370,900	0	370,900
<b>Total</b>	<b>\$29,644,400</b>	<b>\$29,944,900</b>	<b>\$400</b>	<b>\$29,945,300</b>	<b>(\$400)</b>	<b>\$29,944,900</b>
<b>Categories of Expenditure</b>						
Personnel Services	18,420,900	14,205,200	5,885,800	20,091,000	(100)	20,090,900
In-state Travel	36,200	44,900	(11,900)	33,000	0	33,000
Out-of-state Travel	7,100	7,100	(10,800)	(3,700)	0	(3,700)
Current Expense	9,160,500	11,318,300	(1,641,100)	9,677,200	(300)	9,676,900
DP Current Expense	1,867,500	1,521,100	(1,468,800)	52,300	0	52,300
DP Capital Outlay	92,500	0	35,800	35,800	59,700	95,500
Capital Outlay	59,700	2,848,300	(2,788,600)	59,700	(59,700)	0
<b>Total</b>	<b>\$29,644,400</b>	<b>\$29,944,900</b>	<b>\$400</b>	<b>\$29,945,300</b>	<b>(\$400)</b>	<b>\$29,944,900</b>
<b>Other Data</b>						
Budgeted FTE	387.5	352.5	35.5	388.0	(35.0)	353.0
Vehicles	28.0	20.0	0.0	20.0	0.0	20.0

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Alcoholic Beverage Control - Parents Empowered						
	FY 2011	FY 2012		FY 2012		FY 2013*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
Liquor Control Fund	1,473,300	1,473,700	(700)	1,473,000	700	1,473,700
<b>Total</b>	<b>\$1,473,300</b>	<b>\$1,473,700</b>	<b>(\$700)</b>	<b>\$1,473,000</b>	<b>\$700</b>	<b>\$1,473,700</b>
<b>Programs</b>						
Parents Empowered	1,473,300	1,473,700	(700)	1,473,000	700	1,473,700
<b>Total</b>	<b>\$1,473,300</b>	<b>\$1,473,700</b>	<b>(\$700)</b>	<b>\$1,473,000</b>	<b>\$700</b>	<b>\$1,473,700</b>
<b>Categories of Expenditure</b>						
Current Expense	1,473,300	1,473,700	(700)	1,473,000	700	1,473,700
<b>Total</b>	<b>\$1,473,300</b>	<b>\$1,473,700</b>	<b>(\$700)</b>	<b>\$1,473,000</b>	<b>\$700</b>	<b>\$1,473,700</b>

\*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.