



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0150.02 (010): Generally revise alcohol and tobacco laws

Primary Sponsor: Wylie Galt Status: As Amended in House Committee

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> | <u>FY 2028</u> <u>Difference</u> | <u>FY 2029</u> <u>Difference</u> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$5,000 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| Net Impact | <u>(\$3,500)</u> | <u>\$1,500</u> | <u>\$1,500</u> | <u>\$1,500</u> |
| General Fund Balance | | | | |

Description of fiscal impact

SB 150, as amended, creates a new cigar room endorsement available to all-beverage license holders. The cigar bar endorsement has an annual fee of \$100 and the Department of Revenue is anticipating that a handful of licensees in the larger cities/town across Montana may apply for this endorsement (approximately 15), which would create approximately \$1,500 in additional revenue per fiscal year. Only premium cigars may be smoked. Employees are prohibited from entering the cigar room and from taking orders or delivering alcohol while customers are smoking. The licensee is required to monitor the cigar room through windows or cameras. Lastly, the bill creates one-time costs to the Department of Justice to conduct a study of the gaming industry in Montana. The Department of Revenue would need to update some processes for proper implementation of the bill, however, all costs associated with implementation of this bill would be absorbed as part of the typical business process.

FISCAL ANALYSIS

Assumptions

Department of Revenue (DOR)

1. SB 150 creates a new cigar bar endorsement only available to all-beverage license holders.
2. The cigar bar endorsement has an annual fee of \$100 and Alcohol Beverage Control Division of DOR anticipates that a approximately 15 licensees in the larger cities/town across Montana will apply for this endorsement generating \$1,500 in additional revenue per fiscal year.
3. DOR would need to update some processes for bill implementation, however those costs could be absorbed as part of the typical business process, with no additional fiscal impact.

Department of Justice (DOJ)

4. The most recent amendments to SB 150 include a requirement for the Department of Justice to conduct a study of the gaming industry in Montana. The DOJ will need \$5,000 to cover the estimated cost of using Gaming Laboratories International (GLI) to help gather data for the report. GLI is a global leader of

independent testing, certifications, and assessment services for the global gaming industry. Partnering with GLI will allow the department to quickly gather data from other states on the topics requested for the study including, video gambling manufacturers, owners, route operators, casino owners, and applicable trend data.

Fiscal Analysis Table

| | <u>FY 2026</u> <u>Difference</u> | <u>FY 2027</u> <u>Difference</u> | <u>FY 2028</u> <u>Difference</u> | <u>FY 2029</u> <u>Difference</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$5,000 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$5,000 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$5,000 | \$0 | \$0 | \$0 |
| TOTAL Funding of Expenditures | \$5,000 | \$0 | \$0 | \$0 |
| <u>Revenues</u> | | | | |
| General Fund (01) | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| TOTAL Revenues | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$3,500) | \$1,500 | \$1,500 | \$1,500 |

Technical Concerns

Department of Revenue

1. There are no codification instructions for new section 2 which should be part of Title 23.

Department of Public Health and Human Services (DPHHS)

2. There is no language in the bill to dictate who would inspect the establishments to ensure that a proper ventilation system is in place. If the establishment has ventilation but there is an entrance to the main establishment from the cigar room, smoke would backstream into the main room when the door is opened. This would not comply with the Clean Indoor Air Act (CIAA).
3. DPHHS or local health jurisdictions are required to investigate CIAA complaints. There would be a fiscal impact related to personal protective equipment and testing equipment to detect smoke in other parts of the establishment.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

4/22



Budget Director's Initials

4/22/2025

Date