

Fiscal Highlights

Utah Department of Alcoholic Beverage Control Long Term Issues - Andrea Wilko

The Business and Economic Development Appropriations Subcommittee held their June 22nd meeting at the Department of Alcoholic Beverage Control (DABC). In the meeting they discussed the long-term needs and issues of the Department. Sal Petilos, the Director of the Department of Alcoholic Beverage Control, reviewed the mission of the department and the three functional areas of the department: operations, regulations, and education. The department has experienced 34 percent growth in sales over the past five years. During FY 2015, state liquor sales were estimated at \$396 million and for FY 2016 are expected to exceed \$400 million. The growth in sales has increased workload for DABC employees by approximately 22 percent over the past 5 years. The Legislature allocated 11 FTEs in the 2016 General Session to help reduce the workload per FTE.

Targeted funding was also allocated to help increase the salaries of store employees by 4 percent. Current salaries start at \$9 per hour for part-time and \$10.25 per hour for full-time. As a result of the low wages, turnover remains a problem in the department, with current turnover rates estimated at 33 percent. The department is hoping the targeted funding will help reduce the turnover rate going forward.

Demand for additional stores may be an issue in future legislative sessions. The Legislature authorized funding for a new store in West Valley during the 2015 General Session to address increased demand. The new store is expected to open in November 2016. In the 2016 General Session funding was authorized to build a new store in Syracuse. The site selection process for this store will begin in FY 2017.

In addition to increased store demand, the department is also experiencing increased compliance costs. DABC reported that 1,300 to 1,500 event license requests are made annually. Additionally, the number of liquor manufacturers in the state has more than doubled in the past three years. To address the growth in compliance the department is attempting to cross train employees to reduce the need for additional employees in the future.

The committee will continue the discussion of Department of Alcoholic Beverage Control needs in the September appropriations committee meeting.