

ORDINANCE NO. 2033

AN ORDINANCE ESTABLISHING THE REGULATORY LICENSE FEE FOR THE SALE OF ALCOHOLIC BEVERAGES IN THE CITY OF DANVILLE FOR FISCAL YEAR 2024 - 2025.

WHEREAS, the City of Danville, Kentucky (hereinafter "City") is authorized to impose a regulatory license fee on the sale of alcoholic beverages of each establishment therein licensed to sell alcoholic beverages pursuant to the KRS 243.075 and City of Danville Ordinance Section 2.5-19; and

WHEREAS, the City has reviewed the regulatory license fee revenues from the prior fiscal year as well as the expenditures related to the additional policing, regulatory and administrative expenses related to the sale of alcoholic beverages in the City, with a copy of income statement being attached hereto and incorporated herein by reference; and

WHEREAS, the City finds that the current regulatory license fees are lacking in comparison to other Kentucky cities and do not adequately reimburse the City for the additional policing, regulatory and administrative expenses related to the sale of alcoholic beverages in the City.

NOW, THEREFORE, be it ordained by the Board of Commissioners of the City of Danville, Kentucky, as follows:

SECTION ONE: The regulatory license fee shall be five percent (5%) of gross sales of all alcoholic beverages sold by the drink. In the case of retail sales of package distilled spirits and wine, the regulatory license fee shall be ~~four~~ five percent (~~4~~ 5%) of gross sales. The regulatory license fee shall be ~~three~~ five percent (~~3~~ 5%) on gross retail sales of package malt beverages.

SECTION TWO: If any section, subsection, paragraph, sentence, clause, phrase, or portion of this Ordinance is for any reason declared illegal, unconstitutional, or otherwise invalid, such declaration shall not affect the remaining portions hereof.

SECTION THREE: If any provision of this Ordinance is in conflict with provisions of existing Ordinances or laws, it is the intent of the Board of Commissioners of the City of Danville, Kentucky, that the provisions of this Ordinance shall govern, and such provisions in existing Ordinances or Laws in conflict herewith are hereby rescinded.

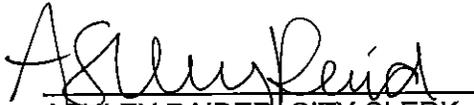
GIVEN FIRST READING AND PASSED 06.10.2024
GIVEN SECOND READING AND PASSED 06.24.2024
PUBLISHED IN DANVILLE ADVOCATE MESSENGER _____

APPROVED:



J. H. ATKINS, MAYOR

ATTEST:



ASHLEY RAIDER, CITY CLERK



City of Danville

Income Statement

ABC Report FY 2023-2024

as of 6/5/2024

Revenues

10-0000-4240	Lic/Fees: Alcohol Sales Permit	74,026.66
10-0000-4241	Lic/Fees: Qrtrly Alcohol Tax	622,680.96
10-0000-4334	Pen & Forfeits: Other	2,345.27
10-0000-4799	Other Rev: Miscellaneous (ABC Economic Development)	460.00
Total Revenues		<u>\$ 699,512.89</u>

Expenses Allocated for ABC

10-1410-6002	Allocated ABC - Police Department (Personnel Cost)	\$1,299,851.21
10-1410-6190	CSM: Electronic Inforamtion Systems	\$3,418.01
10-1410-7131	Fleet Maintenance	\$19,033.60
10-1410-7143	Other: Alcohol Awareness/Supplies	\$3,000.00
10-2000-9223	Police Services - Equipment	\$6,075.00
10-1920-8121	Fleet - Vehicles - Police	\$64,185.93
		<u>\$1,395,563.75</u>

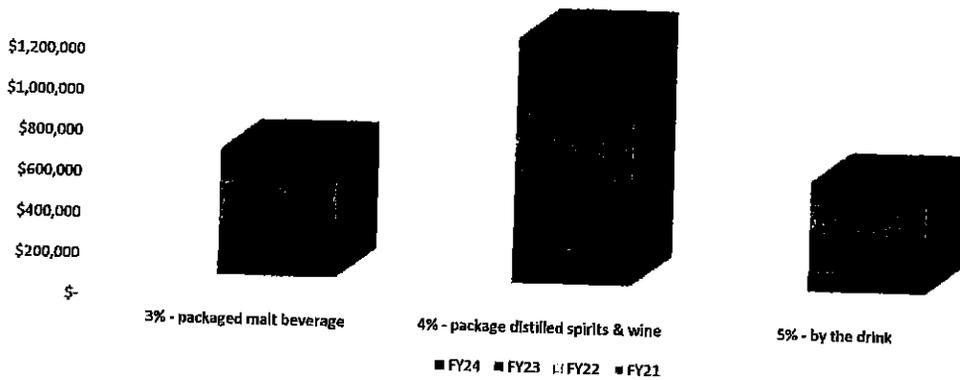
NET SURPLUS/(DEFICIT)

\$ (696,050.86)

ABC Rate & Revenue Analysis

The City's largest collection category is package distilled spirits and wine (4%), followed by package malt beverages (3%), by the drink sales (5%). By raising all rates to 5%, the City has the potential to collect an additional \$200,000 in revenue. The City must justify its rates annually. This means we must compare revenues to the costs required for policing related to alcohol. Within the FY23-24 rate justification, the City was at a net loss of alcohol revenue to expenses by \$696,058.6. An additional \$200,000 in revenue would reduce that 'deficit'.

ABC Revenue by Rate



New ABC Revenue

Rate	Sales reported by Licensee (based on FY 23)	Danville Revenue
3%	\$ 6,000,000	\$ 180,000
4%	\$ 8,500,000	\$ 340,000
5%	\$ 3,700,000	\$ 185,000
	<u>\$ 18,200,000</u>	<u>\$ 705,000</u>
5%	\$ 18,200,000	\$ 910,000
Potential New Revenue*	\$	205,000

*assuming no changes in sales

Fiscal Year	ABC Rates		
	Packaged Malt Beverages	Packaged Distilled Spirits and Wine	By the Drink
2023-24	3.00%	4.00%	5.00%
2022-23	3.00%	4.00%	5.00%
2021-22	3.00%	4.00%	5.00%
2020-21	3.00%	4.00%	5.00%
2019-20	3.00%	4.00%	5.00%
2018-19	3.00%	4.00%	5.00%
2017-18	3.00%	4.00%	5.00%
KY City Average*	4.80%	5.20%	5.60%

KRS changes in 2019 resulted in a max rate of 5% unless a higher was set prior to 2019. This results in Danville being capped at 5%. Additionally noted, cities with population above 20,000 cannot assess ABC rates at all unless they were grandfathered in prior to changes in 2019 (e.g. cities like Frankfort do not assess a ABC rate - strictly collect ABC license fee).



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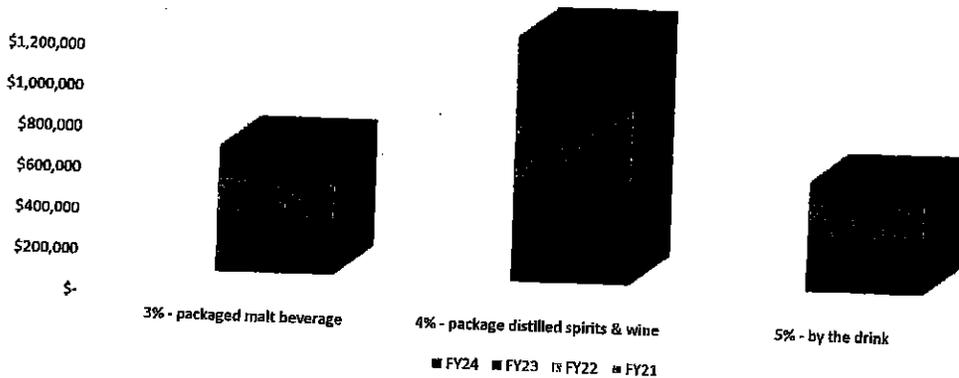
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