

BUSINESS IMPACT STATEMENT

BILL NO. 2020-39

(Amends LVMC Chapter 6.50 to establish a new alcohol delivery support service alcoholic beverage license category, together with associated requirements and limitations, and expand the categories under which a business can exercise an ancillary alcoholic beverage license)

This business impact statement was prepared pursuant to NRS 237.090 to address the impact of a proposed ordinance, Bill No. 2020-39, that will amend LVMC Chapter 6.50 to establish a new alcohol delivery support service alcoholic beverage license category, together with associated requirements and limitations, and expand the categories under which a business can exercise an ancillary alcoholic beverage license.

1. The following constitutes a description of the manner in which comment was solicited from affected businesses, a summary of their responses and an explanation of the manner in which other interested persons may obtain a copy of the summary.

Notification of the proposed ordinance was provided by email or US mail to approximately 326 businesses identified as possibly being interested in or affected by the proposal, and to 17 other organizations representing chambers of commerce and other community and government partners. The draft language of the proposed ordinance was made available on the City's website and at the office of the City's Business Licensing Division. Recipients of the notification were invited to respond in writing and to submit comments, data or arguments regarding whether the proposed ordinance would impose a direct and significant economic burden upon a business or directly restrict the formation, operation, or expansion of a business.

Four written responses were received, sent by email. One response was sent on behalf of grocery stores, one on behalf of an e-commerce sales platform, one on behalf of a trade group representing wholesalers and distributors of alcoholic beverages, and the fourth on behalf of delivery companies. None of the responses specifically addressed or identified how the proposal would impose a direct and significant economic burden upon a business or directly restrict the formation, operation, or expansion of a business. However, the comments all noted possible effects that could limit or restrict certain types of operators from doing what they would like to do under the proposal. Each respondent suggested changes to the proposal to accommodate the identified concerns. The wholesaler/distributor group indicated general support for the proposal, while suggesting a distinction be made between delivery providers and e-commerce platforms that do not provide delivery service. Of note is that the issue identified on behalf of grocery stores as being of concern to such stores (the requirement for tastings to be offered by employees of the stores) is an existing requirement of the Code regarding which no change was included as part of the proposed ordinance.

The preceding paragraph describes the summary of the responses received. The inclusion of that paragraph in this statement is the means by which the summary is made available to interested persons.

2. The estimated economic effect of the rule on businesses, including, without limitation, both adverse and beneficial effects, and both direct and indirect effects:

Adverse effects:

The ordinance as proposed, if applied to sales/technology platforms that don't provide delivery services, would likely be burdensome or impractical for those operations in terms of licensing and regulation. In addition, the response on behalf of the delivery services indicated that a number of the provisions of the

proposal might be impractical or present challenges to both licensees and the City. Included in that list of concerns are boundary limitations, signature/delivery requirements, and recordkeeping requirements.

Beneficial effects:

The proposal would provide an additional delivery options for various types of businesses.

Direct effects:

See adverse and beneficial effects above.

Indirect effects:

None identified.

3. The following constitutes a description of the methods the local government considered to reduce the impact of the rule on businesses and a statement regarding whether any, and if so which, of these methods were used:

A number of changes were made to the proposal to address various concerns raised by the respondents and incorporate some of their suggested changes.

4. The estimate of the annual cost to the local government for enforcement of the rule is:

Minimum of \$5,000, including inspection time to conduct annual ongoing retailer inspections, enforcement and auditing.

5. If the rule provides for a new fee or increases an existing fee, the total annual amount expected to be collected is:

Undetermined, dependent on number of licensees. However, it is anticipated that at least six national delivery service providers will be applying for this license. In that case, the first-year annual revenue would be \$30,000 (\$6,000 in semiannual license fees and \$24,000 in origination charges). In subsequent years the annual revenue would be the \$6,000 in recurring semiannual fees.

6. If the rule provides for a new fee or increases an existing fee, the money generated by the new fee or increase in existing fee will be used by the local government to:

Help offset the cost of licensing and enforcement.

7. If the rule includes provisions that duplicate or are more stringent than federal, state or local standards regulating the same activity, the following explains why such duplicative or more stringent provisions are necessary:

Not applicable.

8. The reasons for the conclusions regarding the impact of the rule on businesses:

It is believed that the proposal represents a balanced approach to allowing additional alcohol delivery options while establishing appropriate controls and protections.

CERTIFICATION

I certify that, to the best of my knowledge or belief, the information contained in this business impact statement was prepared properly and is accurate.


By: City Manager

Date: November 2, 2020