

November 21, 2005

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative relating to the regulation of alcohol (File No. SA2005RF0103, Amdt. #2-S).

Major Provisions

Background. The regulation of alcohol is performed by the state Department of Alcoholic Beverage Control and local governments. Costs to regulate alcoholic beverages generally are paid through various fees. The state also collects the alcoholic beverage tax, based on the sale, distribution, and importation of alcohol.

Measure's Provisions. This measure prevents the state from implementing certain regulatory actions related to the consumption and transportation of alcohol. Specifically, the measure prevents the implementation of state laws that would:

- Make it a crime for parents to share alcoholic beverages with their children.
- Prohibit the transportation of partially consumed alcohol.
- Regulate the importation from international sources of alcohol for personal consumption.
- Confiscate alcoholic beverages under specified circumstances.

Fiscal Effect

The fiscal effect of the measure is unknown. The measure could result in some savings by restricting the state and local governments' ability to regulate some alcohol-related activities. In addition, if the measure affected the level of alcohol imported and/or consumed, it could also affect the revenues collected from the alcoholic

beverage tax. In comparison to the overall costs of regulating alcohol in the state and associated revenues, we would expect any such changes to be minor.

Summary. This measure would have the following fiscal effects:

- Unknown, but potentially minor changes in alcohol-related regulatory costs and revenues.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Michael Genest
Acting Director of Finance