

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4903-01
Bill No.: HB 1412
Subject: Alcohol; Public Safety Department
Type: Original
Date: April 24, 2012

Bill Summary: This proposal allows certain organizations who sell intoxicating liquor by the drink on the premises to obtain a special permit to remain open until 3:00 a.m. each day and to open Sundays at 9:00 a.m.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$74,500	\$89,400	\$89,400
Total Estimated Net Effect on General Revenue Fund	\$74,500	\$89,400	\$89,400

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$186,250	\$223,500	\$223,500

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state this bill allows a later closing time for tax exempt organizations who qualify for the intoxicating liquor by the drink for consumption on the premises license.

- Section 311.090 currently provides for a license type for tax exempt organizations to obtain an intoxicating liquor by the drink at retail for consumption on the premises license for liquor sales Monday through Saturday, and also a separate license for opening on Sundays.
- Section 4 was added and provides for an additional license type to allow tax exempt organizations to apply for a license to remain open and sell intoxicating liquor by the drink at retail till 3:00 a.m. each day, including Sunday .
- Section 5 sets out the \$300 license fee for this type of license.

State revenues will increase by the amount of license fees generated from businesses that obtain a license to stay open till 3:00 a.m. There are 445 locations currently licensed with RBDE (retail by drink, exempt) licenses. Based on the number of current licenses issued that are eligible for the tax exempt, 445 licensees could apply for a Sunday license. We estimate that 50% of those or 223 would obtain a 3 a.m. license. We believe at least 75 new licensees will also obtain a license under this section to take advantage of the provision that will allow tax exempt licensees to be open until 3:00 a.m. Therefore, 298 new licenses issued at \$300 each would be \$89,400 additional revenue. In FY 2013, the licenses aren't issued until August 28, 2012; therefore the licenses would be prorated for ten months generating \$74,500.

Cities may charge 150% of state liquor license fees (Section 311.220). Based on the number of current licenses issued that are eligible for tax exempt status, 445 licenses could apply for a 3:00 a.m. license. Based upon estimates provided above, ATC assumes a city impact of \$134,100 (298 new licenses x \$300 x 1.5). Counties may charge a fee equal to the state license fee (Section 311.220).

The ATC believes that expenditures necessary to implement this proposal can be absorbed with the current appropriations.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Income</u> - Alcohol and Tobacco Control			
New license to remain open until 3:00 a.m. for certain organizations	<u>\$74,500</u>	<u>\$89,400</u>	<u>\$89,400</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$74,500</u>	<u>\$89,400</u>	<u>\$89,400</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Counties</u> - New license to remain open until 3:00 a.m. for certain organizations (100% of amount the state charges)			
	\$74,500	\$89,400	\$89,400
<u>Cities</u> - New license to remain open until 3:00 a.m. for certain organizations (150% of amount the state charges)			
	<u>\$111,750</u>	<u>\$134,100</u>	<u>\$134,100</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$186,250</u>	<u>\$223,500</u>	<u>\$223,500</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

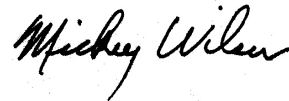
FISCAL DESCRIPTION

This proposal allows any charitable, fraternal, religious, service, or veterans' organization that is exempt from federal income taxes and has or is qualified to have a license to sell intoxicating liquor by the drink at retail or on its premises to obtain from the Supervisor of Liquor Control within the Department of Public Safety a special permit for \$300 per year to remain open until 3:00 a.m. each day and to open on Sundays at 9:00 a.m.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety



Mickey Wilson, CPA
Director
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