

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0140-02
Bill No.: Perfected HCS for HB 121
Subject: Alcohol; Department of Public Safety; Licenses - Liquor and Beer
Type: Original
Date: April 15, 2015

Bill Summary: This proposal requires a brew-on-premises facility to obtain a license from the Division of Alcohol and Tobacco Control.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$7,900	\$7,650	\$7,650
Total Estimated Net Effect on General Revenue	\$7,900	\$7,650	\$7,650

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$1,250	\$625	\$625

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control (ATC)** expects to license 10 brew on premises (BOP) annually at a \$50 initial license fee, with future renewals being \$25. In the first year, this will generate \$500, with future years being \$250.

In addition, ATC expects to license 200 out-state manufacturers (OM) who will each bring 200 gallons of beer in annually. Thus 200 licenses at \$25 each will be \$5,000 in license fees plus 40,000 gallons of beer at \$.06 per gallon for \$2,400 in excise fees.

First year - Excise Taxes \$2,400, plus BOP licenses \$500 plus OM licenses of \$5,000 = \$7,900
Second and ongoing years - Excise Taxes \$2,400, plus BOP licenses \$250 plus OM licenses of \$5,000 = \$7,650

ATC estimates these costs based on brewers because at the current time ATC is aware of these festivals being organized by only brewers. In the future, you could see this type of event expand to liquor and wines.

ATC estimates additional revenue to cities (1.5 times state rate) and counties (1.0 times state rate) of \$1,250 in FY 2016, and \$625 per year thereafter for the BOP licenses.

ATC further assumes that House Amendments 1 - 4 would not change their fiscal impact estimate.

According to officials from the **Office of the Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

This proposal could minimally increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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GENERAL REVENUE FUND

<u>Income</u> - Department of Public Safety - Division of Alcohol and Tobacco Control License revenue for brew-on-premises and out of state manufacturers.	<u>\$7,900</u>	<u>\$7,650</u>	<u>\$7,650</u>
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ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$7,900</u>	<u>\$7,650</u>	<u>\$7,650</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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LOCAL POLITICAL SUBDIVISIONS

<u>Income</u> - Counties - License revenue for brew-on-premises that provide brewing supplies and facilities to the public.	\$500	\$250	\$250
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<u>Income</u> - Cities - License revenue for brew-on-premises that provide brewing supplies and facilities to the public.	<u>\$750</u>	<u>\$375</u>	<u>\$375</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$1,250</u>	<u>\$625</u>	<u>\$625</u>
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FISCAL IMPACT - Small Business

Small businesses that provide this service would have to be licensed as a result of this proposal.

FISCAL DESCRIPTION

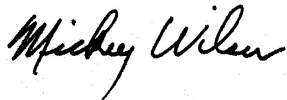
This proposal requires a brew-on-premises facility to obtain a license from the Division of Alcohol and Tobacco Control within the Department of Public Safety. The license application must be accompanied by an initial fee of \$50 or the annual renewal fee of \$25. Licensing will be subject to federal regulation.

The proposal also allows a special permit to be issued to an out of state manufacturer who is not licensed in Missouri for participation in festivals, bazaars, or similar events.

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 - Alcohol and Tobacco Control
Office of the Secretary of State
Joint Committee on Administrative Rules



Mickey Wilson, CPA
Director
April 15, 2015

Ross Strobe
Assistant Director
April 15, 2015