

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0614-01
Bill No.: HB 78
Subject: Alcohol; Fees; Tobacco Products
Type: Original
Date: December 18, 2014

Bill Summary: This proposal creates the Alcohol and Tobacco Control Trust Fund consisting of specified fees to be used for the administration and regulation of the liquor control and tobacco laws.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$351,060)	(\$397,661)	(\$365,848)
Total Estimated Net Effect on General Revenue	(\$351,060)	(\$397,661)	(\$365,848)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Alcohol and Tobacco Control Trust Fund	\$351,060	\$397,661	\$365,848
Total Estimated Net Effect on <u>Other</u> State Funds	\$351,060	\$397,661	\$365,848

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** state the legislation will create the Alcohol and Tobacco Control Trust Fund. All fees, except for licensing, inspections, and gauging, would be deposited into this fund and appropriated only for the use of supporting the administration and regulation of liquor and tobacco control. Previously, all of these fees were deposited into the General Revenue Fund.

Based on estimates provided to B&P by the Division of Alcohol and Tobacco Control, in FY '14, \$474,832 was collected in other fees. Historically, these fees have decreased by 8% annually since 2007. Therefore, B&P estimates that this will continue through FY '18. The FY '16 estimate is based on an August 28, 2015 implementation date.

B&P assumes the following impact to the ATC Trust Fund and General Revenue Fund:

	ATC Fund	General Revenue
FY 2016 (10 months)	\$364,038	(\$364,038)
FY 2017	\$401,897	(\$401,897)
FY 2018	\$369,745	(\$369,745)

The Division of Alcohol and Tobacco Control may respond with a specific estimate on the impact to general revenue.

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state Section 311.730 provides that all fees other than licensing fees and excise taxes are to be deposited into the Alcohol and Tobacco Control Trust Fund. In FY '14, miscellaneous fees (sunshine requests, computer printouts, etc.) were \$2,148, penalties and interest on late payments of excise taxes were \$123,984 and late renewal penalty fees were \$348,700. These fees total to \$474,832.

The late renewal fees have been decreasing each year by about 8% since it was implemented in August 2007. Therefore, projections of collections for FY'15, FY'16 and FY'17 are \$446,936, \$421,272 and \$397,661, respectively.

In response to a similar proposal from 2014 (HB 1058), officials from the **Office of the State Treasurer** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Revenue** assume the proposal would not impact their agency

ASSUMPTION (continued)

Using ATC's assumptions, **Oversight** assumes collections for FY 2018 would be \$365,848. Oversight will reflect this as a loss to the General Revenue Fund and a offsetting gain to the new fund.

Oversight will also assume 10 months of impact in FY 2016 and have reduced ATC's estimate for that year to \$351,060 (\$421,272 x 10/12).

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Loss - Alcohol and Tobacco Control</u>			
Section 311.735 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund	<u>(\$351,060)</u>	<u>(\$397,661)</u>	<u>(\$365,848)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$351,060)</u>	<u>(\$397,661)</u>	<u>(\$365,848)</u>
 ALCOHOL AND TOBACCO CONTROL TRUST FUND			
<u>Gain - Alcohol and Tobacco Control</u>			
Section 311.735 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund	<u>\$351,060</u>	<u>\$397,661</u>	<u>\$365,848</u>
ESTIMATED NET EFFECT TO THE ALCOHOL AND TOBACCO CONTROL TRUST FUND	<u>\$351,060</u>	<u>\$397,661</u>	<u>\$365,848</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

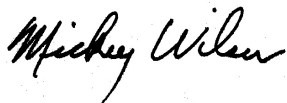
FISCAL DESCRIPTION

This proposal creates the Alcohol and Tobacco Control Trust Fund, consisting of any fees collected by the Division of Alcohol and Tobacco Control within the Department of Public Safety under the Liquor Control Law that are not required to be deposited into the General Revenue Fund as specified in Chapter 311, RSMo, to be used to support the division for the administration and regulation of the liquor control and tobacco laws.

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
Department of Revenue
Office of the State Treasurer
Office of Administration - Budget and Planning



Mickey Wilson, CPA
Director
December 18, 2014

Ross Strobe
Assistant Director
December 18, 2014