

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4054-01
Bill No.: HB 1664
Subject: Alcohol; Licenses - Liquor and Beer
Type: Original
Date: January 21, 2016

Bill Summary: This proposal changes the laws regarding the sale of intoxicating liquor.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$518,862)	(\$622,634)	(\$622,634)
Total Estimated Net Effect on General Revenue	(\$518,862)	(\$622,634)	(\$622,634)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Alcohol and Tobacco Control	(\$1,210,677)	(\$1,452,813)	(\$1,452,813)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,210,677)	(\$1,452,813)	(\$1,452,813)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	(\$4,323,848)	(\$5,188,618)	(\$5,188,618)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state the deletion of several sections along with other changes in the bill would have the following impact:

Eliminated Licenses	Section Reference	# issued in FY '15 & rate per license	FY 2015 collections
EHKC - Extended Hours	311.088	5 / \$50	\$250
EHHL - Extended Hours	311.174	1 / \$300	\$300
EXTH - Extended Hours	311.174, 6, 8	278 / \$300	\$79,275
EHSL - Extended Hours	311.179	1 / \$300	\$300
RBDB - Boats	311.091	8 / \$300	\$2,225
RBDT - Temp. Boat	311.095	127 / \$75	\$9,525
RDSR - Seasonal Resort	311.095	21 / \$25	\$525
RBDC - Caterers	311.485	3,294 / \$10	\$32,940
RBCF - Festival	311.483	24 / \$10	\$240
5BCF - Festival	311.483	1 / \$10	\$10
RDC1 - Caterers	311.486	29 / \$1,000	\$29,000
RDC5 - Caterers	311.486	65 / \$500	\$32,500
SF1 - State Fair	311.487	10 / \$100	\$1,000
SF3 - State Fair	311.487	2 / \$300	\$600
5BWC - Caterers	311.485	258 / \$10	\$2,580
SBD - by the drink	311.090, 3,6,8 & 311.102	4,669 / \$200	\$883,575
SBDC - Sunday	311.089	74 / \$600	\$43,500
5SBD - Sunday	311.090, 3,6,8 & 311.102	453 / \$200	\$83,402
SOP - Original Package	311.293	4,642 / \$200	\$877,328
	TOTAL		\$2,079,075

Besides the above licenses eliminated by this proposal, ATC assumes other changes in the bill will result in a gain of \$3,628. Therefore, the total estimated net fiscal impact from this proposal is a net loss to the ATC Dedicated Licensing Fund of \$2,075,447 (\$3,628 - \$2,079,075) per year. ATC assumes ten months of impact in FY 2017.

SB 373 from 2015 earmarked 70% of the fee revenue from licenses and permits collected under chapter 311 to the new Division of Alcohol and Tobacco Control Fund (0544). Therefore, **Oversight** will split the state's impact from this proposal between General Revenue (30%) and the ATC Fund (70%).

ASSUMPTION (continued)

ATC also states that cities may charge 150% of state liquor license fees (Section 311.053). Based on a projected number of licenses issued and types that have been deleted, the state estimates a loss of collections of \$3,113,171 to cities per the state estimations.

Counties may charge the same liquor license fees as the State (Section 311.053). Based on the projected number of licenses issued and types that have been deleted per the spreadsheet attached, the state estimates a loss of collections of \$2,075,447.

Officials from the **Department of Public Safety - Missouri Highway Patrol, Department of Revenue,** and the **City of Kansas City** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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GENERAL REVENUE FUND

<u>Loss - ATC - reduction in liquor licensing fees from various sections (30% per 311.730.2)</u>	<u>(\$518,862)</u>	<u>(\$622,634)</u>	<u>(\$622,634)</u>
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ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$518,862)</u>	<u>(\$622,634)</u>	<u>(\$622,634)</u>
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ALCOHOL AND TOBACCO CONTROL FUND

<u>Loss - ATC - reduction in liquor licensing fees from various sections (70% per 311.730.2)</u>	<u>(\$1,210,677)</u>	<u>(\$1,452,813)</u>	<u>(\$1,452,813)</u>
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ESTIMATED NET EFFECT TO THE ALCOHOL AND TOBACCO CONTROL FUND	<u>(\$1,210,677)</u>	<u>(\$1,452,813)</u>	<u>(\$1,452,813)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> - cities - 150% of estimated impact to the state liquor licensing fees	(\$2,594,309)	(\$3,113,171)	(\$3,113,171)
<u>Loss</u> - counties - 100% of estimated impact to the state licensing fees	<u>(\$1,729,539)</u>	<u>(\$2,075,447)</u>	<u>(\$2,075,447)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(\$4,323,848)</u>	<u>(\$5,188,618)</u>	<u>(\$5,188,618)</u>

FISCAL IMPACT - Small Business

Small businesses in the alcohol industry could be impacted by this proposal.

FISCAL DESCRIPTION

This bill simplifies the retail liquor licensing laws. In its main provisions, the bill:

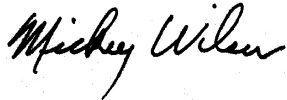
- (1) Establishes only four types of retail liquor licenses: intoxicating liquor in the original package not for consumption on the premises where sold; intoxicating liquor by the drink at retail for consumption on the premises where sold; beer and wine in the original package not for consumption on the premises where sold; beer and wine by the drink at retail for consumption on the premises where sold;
- (2) Specifies that all licenses will be valid for every day of the week and for all hours of the day that the licensed premises is authorized by law to remain open;
- (3) Requires a background check on all license applicants prior to issuance of the license; and
- (4) Makes changes to terms used in current law to be consistent with the new retail license terminology, repeals retail licensing provisions in current law, and repeals intersectional references to laws repealed in the bill.

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

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SOURCES OF INFORMATION

Department of Public Safety
 Alcohol and Tobacco Control
 Missouri Highway Patrol
Department of Revenue
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January 21, 2016

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January 21, 2016