

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4054-02
Bill No.: HCS for HB 1664
Subject: Alcohol; Licenses - Liquor and Beer
Type: Original
Date: March 29, 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	\$110,428	\$132,513	\$132,513
Total Estimated Net Effect on General Revenue	\$110,428	\$132,513	\$132,513

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Alcohol and Tobacco Control	\$331,283	\$397,540	\$397,540
Total Estimated Net Effect on <u>Other</u> State Funds	\$331,283	\$397,540	\$397,540

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 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	\$1,104,277	\$1,325,132	\$1,325,132

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			
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)
OPT - Tasting	311.294	923 / \$25	(\$23,075)
Estimated funds lost due to eliminations			(\$2,102,150)

ASSUMPTION (continued)

Changing Licenses							
Eliminated	Reference / New Fee	# issued in FY '15 / Old Fee	FY '17 Fee Collections from Changes				FY '15 Collections
			Intoxicating Liquor / Original Pkg	Intox. Liquor / By the Drink	Beer & Wine Orig. Pkg	Beer & Wine / By the Drink	
RDB	311.200.5 - \$500	4,871 / \$300		\$2,435,500			(\$1,395,600)
RR	311.200.5 - \$500	3 / \$100		\$1,500			(\$303)
OPL	311.200.1 - \$300	5,140 / \$100	\$1,542,000				(\$487,027)
RBDE	311.090 - \$500	330 / \$300		\$165,000			(\$98,050)
RBDR-Resort	311.095 - \$30	1,003 / \$300		\$300,900			(\$280,000)
MBWD	311.070.11 - \$500	4 / \$300		\$2,000			(\$1,200)
RBDK	311.086 - \$500	2 / \$300		\$1,000			(\$600)
5BD	311.200.3 - \$300	548 / \$50				\$164,400	(\$26,608)
5BDW	311.200.4 - \$300	927 / \$50				\$278,100	(\$43,858)
5OP	311.200.2 - \$300	299 / \$50			\$89,700		(\$14,650)
Funds lost from old licenses							(\$2,347,897)
Est. funds gained from new licenses			\$1,542,000	\$2,905,900	\$89,700	\$442,500	\$4,980,100
Est. total net gain from license changes							\$2,632,203
Est. funds lost due to eliminations (from above)							(\$2,102,150)
Est. Net Impact from eliminated licenses and changed licenses							\$530,053

Therefore, the total estimated net fiscal impact from this proposal is a net gain of \$530,053 per year. This amount is divided between the ATC Dedicated Licensing Fund (\$397,540) and the General Revenue Fund (\$132,513). ATC assumes ten months of impact in FY 2017.

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 an increase in collections of \$795,079 to cities per the state estimations.

ASSUMPTION (continued)

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 an increase in collections of \$530,053.

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

In response to a previous version of the proposal, officials from the **City of Kansas City** assumed the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Revenue - ATC - net increase in liquor licensing fees from various sections</u>	<u>\$110,428</u>	<u>\$132,513</u>	<u>\$132,513</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$110,428</u>	<u>\$132,513</u>	<u>\$132,513</u>
ALCOHOL AND TOBACCO CONTROL FUND			
<u>Revenue - ATC - net increase in liquor licensing fees from various sections</u>	<u>\$331,283</u>	<u>\$397,540</u>	<u>\$397,540</u>
ESTIMATED NET EFFECT TO THE ALCOHOL AND TOBACCO CONTROL FUND	<u>\$331,283</u>	<u>\$397,540</u>	<u>\$397,540</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue</u> - cities - 150% of estimated impact to the state liquor licensing fees	\$662,566	\$795,079	\$795,079
<u>Revenue</u> - counties - 100% of estimated impact to the state licensing fees	<u>\$441,711</u>	<u>\$530,053</u>	<u>\$530,053</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$1,104,277</u>	<u>\$1,325,132</u>	<u>\$1,325,132</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:

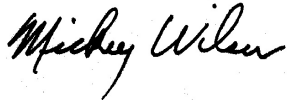
- (1) Establishes only four types of retail liquor licenses: intoxicating liquor in the original package not for consumption on the premises where sold; intoxicating liquor by the drink at retail for consumption on the premises where sold; beer and wine in the original package not for consumption on 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
City of Kansas City



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March 29, 2016

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March 29, 2016