

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0544-04
Bill No.: Perfected SCS for SB 188
Subject: Alcohol; Business and Commerce
Type: Original
Date: March 24, 2009

Bill Summary: This proposal modifies certain liquor control provisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$74,744)	(\$64,197)	(\$66,092)
Total Estimated Net Effect on General Revenue Fund	(\$74,744)	(\$64,197)	(\$66,092)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1	1	1

☐ 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control** assume the proposal would not fiscally impact their agency.

Senate Amendment 1:

In response to a similar bill from this year (HB 159), officials from the **Department of Public Safety - Director's Office** assumed the proposal would not fiscally impact their agency.

In response to a similar proposal from 2008 (SB 826), officials from the **Department of Public Safety - Alcohol and Tobacco Control** assumed the proposal would not fiscally impact their agency.

Senate Amendment 2:

In response to a similar proposal from this year (SB 451), officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** stated this bill opens up alcohol beverage tastings in the State of Missouri. There will be a large proliferation of samplings occurring in the approximately 12,000 licensed locations that will be eligible to have tastings on their premises. The Division will need one Agent to oversee that tastings are conducted in accordance with the regulations and one Senior Auditor to work on the trade practice issues as a result of wineries, distillers, brewers, manufacturers and wholesalers being allowed to furnish services to retailers.

This bill allows retailers with an original package tasting license, domestic wineries and sales by-the-drink establishments to conduct samplings and allows the winery, distiller, manufacturer, wholesaler, or brewer to provide, furnish or pour alcoholic beverages on a retail licensed premise. In order to ascertain that retailers are being provided only what is allowed in this bill, and not being provided direct or indirect financial interest as disallowed in Section 311.070, RSMo, the Division will need to routinely inspect and investigate these events. Trade practice issues, which have increasingly become problematic in the State, have the potential to become worse with the top two tiers of the liquor industry (manufacturers and wholesalers) being able to provide services and possible financial incentives to the third tier (retailers). To properly oversee enforcement, the Division will need one Agent and one Senior Auditor.

In summary, the ATC assumes a cost to the General Revenue Fund of roughly \$150,000 each year as a result of this proposal, which includes two vehicles purchased in the first fiscal year.

ASSUMPTION (continued)

Oversight assumes the ATC will need the additional Agent to conduct inspections and investigations; however, Oversight assumes the ATC will not require an additional FTE Senior Auditor to work on trade practice issues related to this proposal.

Oversight has, for fiscal note purposes only, changed the starting salary for ATC's Agent to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Senate Amendment 3:

In response to a similar proposal from this year (SB 442), officials from the **Department of Public Safety - Alcohol and Tobacco Control** assumed the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Costs - Alcohol and Tobacco Control</u>			
Personal Service (1 FTE)	(\$30,859)	(\$38,141)	(\$39,285)
Fringe Benefits	(\$15,007)	(\$18,578)	(\$19,104)
Expense and Equipment	(\$12,878)	(\$7,478)	(\$7,703)
Vehicle	(\$16,000)	\$0	\$0
<u>Total Costs - ATC</u>	<u>(\$74,744)</u>	<u>(\$64,197)</u>	<u>(\$66,092)</u>
FTE Change - ATC	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$74,744)</u>	<u>(\$64,197)</u>	<u>(\$66,092)</u>

FISCAL IMPACT - Local Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

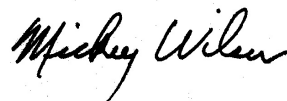
FISCAL DESCRIPTION

Currently, any winery, distiller, manufacturer, wholesaler or brewer may provide beverage samples off a licensed retail premises as long as no sales transactions take place. Senate Amendment 2 would allow such entities to provide tasting samples on a licensed retail premises if they have certain permits and no money is given to retailers for the tasting.

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



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Director
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