

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0059-01
Bill No.: HB 101
Subject: Alcohol; Merchandising Practices; Public Safety Department
Type: #Revised
Date: March 10, 2011
 # Revised per Oversight Subcommittee meeting March 10, 2011.

Bill Summary: This proposal creates provisions regarding the pouring and providing of intoxicating liquor samples on a licensed retail premises for tasting purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
#General Revenue	\$0	\$0	\$0
#Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
#			
#Total Estimated Net Effect on FTE	0	0	0

- 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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control (ATC)** state the bill opens up alcohol beverage tastings in the State of Missouri. There will be a large proliferation of sampling occurring in the approximately 12,000 licensed locations that will be eligible to have tastings on their premises. ATC will need one Agent to oversee that tastings are conducted in accordance with the regulations, provide server training to third party sampling service providers, and 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, and sales by the drink establishments to conduct samplings and allows the winery, distiller, brewer, manufacturer or wholesaler to provide, furnish and pour alcoholic beverages on a retail licensed premise. It also allows the winery, distiller, manufacturer or brewer (not the wholesaler) to hire a third party sampling service to provide tastings. The sampling service employee must take a Division approved Server Training class.

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, ATC 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 regulation of the industry, the Division will need one Agent, and related expense and equipment.

In summary, the ATC assumes a cost to the General Revenue Fund of roughly \$75,000 each year as a result of this proposal, which includes a vehicle purchased in the first fiscal year.

The Oversight Subcommittee met on March 10, 2011, and voted to not reflect a potential cost to the Department of Public Safety - Division of Alcohol and Tobacco Control. The proposal is assumed to have no fiscal impact to the state.

<u># FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Certain small businesses could offer liquor sampling as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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



L.R. No. 0059-01
Bill No. HB 101
Page 5 of 5
March 10, 2011

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March 10, 2011