

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5490-02
Bill No.: HCS for HB 1498
Subject: Business and Commerce; Licenses - Miscellaneous
Type: Original
Date: March 2, 2012

Bill Summary: This proposal allows most liquor license holders to apply for a license to sell liquor at retail on Sundays.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------------|------------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| General Revenue | \$266,167 | \$319,400 | \$319,400 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$266,167 | \$319,400 | \$319,400 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2013 | FY 2014 | FY 2015 |
| | | | |
| | | | |
| 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 2013 | FY 2014 | FY 2015 |
| Local Government | \$556,917 | \$668,300 | \$668,300 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Liquor Control (DPS)** state the proposal makes the following changes:

- Section 311.090.1 currently provides for a license type for tax exempt organizations to obtain an intoxicating liquor by the drink at retail for consumption on the premises license for liquor sales Monday through Saturday. Section 311.090.2 provides for a separate license to sell on Sundays. This section is being eliminated because of the change in Section 311.293 allowing a tax exempt licensee to obtain a Sunday license under that statute.
- Section 311.293.1 and 2 provided a license for retailers that sold intoxicating liquor in the original package to sell on Sundays between the hours of 9:00 a.m. and midnight. The amendment made will allow both original package licensees and retail by the drink licensees to obtain a license for \$200 to sell intoxicating liquor on Sundays. The change also exempts retailers from applying for a license in this section who can apply under Section 311.089 (licensees in Kansas City and St. Louis convention trade areas);
- Section 311.293.3 was added which exempts licensees who obtain extended hours permits under sections 311.174, 311.176 and 311.178 from having to close earlier on Sunday then is provided under the exempted statutes;
- Section 311.293.4 was added that allows for the Jackson County Sports Stadium Sunday license which was previously in Section 311.097.4 to remain intact. It allows for an early opening of 8:00 a.m., but sets out food sale requirements in order to qualify for this license;
- Sections 311.087, 311.093, 311.097, 311.098, 311.102, 311.104, and 311.481 deal with individual Sunday licensing requirements for retail by the drink establishments. These statutes are being eliminated because all these licensees can obtain a Sunday license under the Section 311.293 amendment.

DPS assumes there will be increased revenues as a result of this. State revenues will increase by the amount of license fees generated from businesses that obtain a license to be open on Sunday. There are currently 7,121 retail liquor by the drink licensees. There are 4,460 of those licensees that already qualify under current statutes for a Sunday liquor by the drink license leaving 2,661 liquor establishments that serve by the drink who do not have a Sunday license. DPS believes

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ASSUMPTION (continued)

that approximately 60% of those will apply for a Sunday license. Therefore the 1,597 (2,661 X 60%) new licenses issued at \$200 each would generate \$319,400 additional revenue annually. In FY 2013, the licenses aren't issued until August 28, 2012; therefore the licenses would be prorated for ten months generating \$266,167.

DPS states cities may charge 150% of state liquor license fees (Section 311.220). There are 7,121 retail licenses issued to by the drink establishments and there are 4,460 Sunday licenses currently issued to these by the drink establishments statewide. We believe 80% of the licensees are located in cities; therefore, 5,696 by drink licensees are located in the city, and of those, 3,568 have Sunday licenses. Thus, 2,128 by drink establishments located in the city do not have Sunday by drink licenses. We estimate that at least 60% of those, or 1,277, will apply and get a Sunday license. Therefore, 1,277 new Sunday licenses issued at \$300 (\$200 X 1.5%) will generate \$383,100 annually. In FY 2013, the licenses aren't issued until August 28, 2012; therefore the license would be prorated for ten months generating \$319,250.

Counties may charge a fee equal to state liquor license fees (Section 311.220). There are 6,409 retail licenses issued to by the drink establishments and 4,032 already have a Sunday license (St. Louis City has 712 by drink licenses and 428 Sunday by drink licenses, and is not included in the county totals). Thus, 2,377 by drink establishments located in the counties do not have Sunday by drink licenses. We estimate at least 60% of those or 1,426 will apply and get a Sunday license. Therefore 1,426 at \$200 will generate \$285,200 annually. In FY'2013, the licenses aren't issued until August 28, 2012; therefore the license would be prorated for ten months generating \$237,667.

DPS also believes that expenditures necessary to implement this proposal can be absorbed within the current appropriations.

In response to a previous version of the proposal, officials from the **City of Kansas City (KC)** assumed it would result in an indirect increase in revenue through an increase in the sale of liquor. KC also assumes there would be an increase in costs to the city for the need to perform liquor license enforcement activities for additional days where sales would become legal.

Officials from the **City of Springfield, City of St. Louis, City of St. Charles, Camden County, St. Louis County** and **St. Charles County** did not respond to our request for fiscal impact.

This proposal could increase Total State Revenues.

| <u>FISCAL IMPACT - State Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|---|-------------------------|-------------------------|-------------------------|
| GENERAL REVENUE | | | |
| <u>Income</u> - Division of Alcohol and Tobacco Control | | | |
| Fee revenue for Sunday liquor license | <u>\$266,167</u> | <u>\$319,400</u> | <u>\$319,400</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>\$266,167</u> | <u>\$319,400</u> | <u>\$319,400</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2013 (10 Mo.) | FY 2014 | FY 2015 |
|--|-------------------------|-------------------------|-------------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Income</u> - Cities - fee revenue for additional liquor licenses sold | | | |
| | \$319,250 | \$383,100 | \$383,100 |
| <u>Income</u> - Counties - fee revenue for additional liquor licenses sold | | | |
| | <u>\$237,667</u> | <u>\$285,200</u> | <u>\$285,200</u> |
| ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS | <u>\$556,917</u> | <u>\$668,300</u> | <u>\$668,300</u> |

FISCAL IMPACT - Small Business

Certain small business drinking establishments could be positively impacted by this proposal if they were allowed to obtain a Sunday liquor license or allowed to stay open longer.

FISCAL DESCRIPTION

This proposal changes the laws regarding Sunday liquor sales.

Currently, a person with a license to sell intoxicating liquor in the original package at retail is authorized to apply for a Sunday liquor sales license. The bill removes the requirement that the liquor be in its original package and allows any person with a license to sell intoxicating liquor at retail to apply for a Sunday liquor sales license.

The bill repeals various separate provisions authorizing a person to obtain a special license for Sunday sales of intoxicating liquor, malt liquor, or certain beers, including: wine shops; dance ballrooms in the City of St. Louis; certain hotel and resort restaurants and bars; certain amusement places; certain places of entertainment in Kansas City, St. Louis City, Jackson County, St. Louis County, and St. Charles County; sports stadiums in St. Louis City; airline clubs; and charitable, fraternal, religious, service, or veterans' organizations that are exempt from federal income taxes.

The requirement that certain establishments in St. Louis City or Kansas City have a certain minimum amount of gross receipts in order to obtain a Sunday-by-the-drink license is repealed. For certain licensees in convention trade areas that hold a Sunday sales license, the permitted time to open on Sundays is changed from 11:00 a.m. or 8:00 a.m. to 9:00 a.m.

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
City of Kansas City

Not Responding:
City of Springfield
City of St. Louis
City of St. Charles
St. Louis County
Camden County
St. Charles County



Mickey Wilson, CPA
Director
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