

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3570-06
Bill No.: HCS for SS for SCS for SB Nos. 586 & 617
Subject: Business and Commerce; Crimes and Punishment
Type: Original
Date: April 16, 2010

Bill Summary: The proposal regulates sexually oriented businesses.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 2011	FY 2012	FY 2013
Local Government	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation, Department of Public Safety – Missouri State Highway Patrol, Missouri Senate, Boone County Sheriff’s Department, Jefferson City Police Department,** and the **City of Centralia** assume the proposal would have no fiscal impact on their agencies.

In response to a previous version of the proposal (SCS for SBs 586 & 617, LR # 3570-02), officials from the **Missouri House of Representatives** and **Cass County** assumed the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Public Safety – Director’s Office** assume any costs associated with this proposal can be absorbed within existing resources.

Officials from the **Office of the Attorney General (AGO)** assume that costs of implementation of this proposal could be absorbed within existing resources. However, due to the nature of provision, AGO assumes this proposal has the potential to be the subject of state and federal litigation. Therefore, potential costs are unknown but assumed to be less than \$100,000.

Oversight assumes the Office of the Attorney General (AGO) can absorb any increased costs within existing resources and reflects no fiscal impact. Oversight assumes any significant increase in the workload of the AGO would be reflected in future budget requests.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

In response to a previous version of the proposal (SB 586, LR # 3570-01), officials from the **Office of Prosecution Services** assumed the proposal would have no measurable fiscal impact the Office of Prosecution Services or county prosecutors.

In response to a previous version of the proposal (SCS for SBs 586 & 617, LR # 3570-02), officials from the **Jackson County Sheriff’s Department** responded to Oversight’s request, but issued no fiscal impact statement.

Officials from the **City of Kansas City (CKC)** assume this legislation would have a negative fiscal impact on the CKC. If the proposal were to become law, there are several factors that could impact CKC with regard to a financial impact as there are many proposed changes that may and would affect the existing adult entertainment businesses:

ASSUMPTION (continued)

First, section 573.531.3 would no longer allow any adult entertainer to appear nude while dancing. This would have an impact on three (3) businesses that are currently licensed and operating in the City of Kansas City, Missouri.

Second, section 573.531.4 would only allow an entertainer to perform for a customer on a fixed stage at least six feet from all patrons while the stage would have to be at least eighteen inches from the floor in a room of at least six hundred square feet. This would have an impact on three (3) businesses that are currently licensed and operating in the City of Kansas City, Missouri.

Third, according to section 573.531.6(1), sexually oriented licensed businesses would have to change the configurations of their buildings within 180 days according to the newly proposed 573.531.7. This would have a costly impact on seven (7) businesses that are currently licensed and operating in the City of Kansas City, Missouri.

Finally, according to section 573.531.8, all sexually oriented businesses would have to shut down between the hours of 12 midnight and 6:00 a.m. This would have an impact on all thirteen (13) businesses that are currently licensed and operating in the City of Kansas City, Missouri.

CKC assume the legislation could cause a loss of annual licensing fees of approximately \$6,500 per year. CKC also assumes this change could affect the number of adult entertainment permits and adult entertainment manager permits issued each year. Last year, CKC issued 852 adult entertainment permits and 47 adult entertainment manager permits.

Oversight assumes cities and counties statewide could incur a loss of licensing and permitting fee revenue. Oversight assumes the statewide impact on cities and counties to be less than \$100,000 per year.

Officials from the Buchanan County Sheriff's Department, Clark County Sheriff's Department, Columbia Police Department, Independence Police Department, Kansas City Police Department, Platte County Sheriff's Department, Springfield Police Department, St. Charles Police Department, St. Joseph Police Department, St. Louis County Police Department, St. Louis Metropolitan Police Department, Various Cities, and Various Counties did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENT			
<u>Losses – Cities and Counties</u>			
Licensing fees	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>

FISCAL IMPACT - Small Business

Small businesses that are sexually oriented in nature could experience a fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

The proposal regulates sexually oriented businesses:

After August 28, 2010, no person shall establish a sexually oriented business within 1000 feet of a preexisting school, house of worship, state-licensed day care, public library, public park, residence, or other sexually oriented business.

No person shall establish a sexually oriented business if a person with an influential interest in such business has been convicted of, or released from confinement, for certain crimes within the last eight years.

FISCAL DESCRIPTION (continued)

The proposal prohibits a person from knowingly appearing nude in a sexually oriented business. No employee of such a business shall knowingly appear in a semi-nude condition, unless he or she remains on a stage at least six feet from the patrons and at least eighteen inches from the floor in a room that is at least 600 square feet. Also, such employees appearing semi-nude shall not knowingly touch a patron or the clothing of a patron.

A sexually oriented business that exhibits films, videos, or other reproductions with an emphasis on displaying specified sexual activities or specified anatomical areas must comply with the following requirements:

- 1) The operator's station must have an unobstructed view of all areas where patrons are permitted except the restroom;
- 2) The operator's station must not exceed 32 square feet;
- 3) If more than one operator's station exists, there must be an unobstructed view of each area where patrons are permitted from at least one of the operator's stations;
- 4) The view from the operator's station must be by direct line of sight;
- 5) The operator shall ensure that at least one employee is on duty in the operator's station at all times patrons are there; and
- 6) The operator and employees must ensure that view areas remain unobstructed.

Sexually oriented businesses that do not meet the requirements for stages or interior specifications on August 28, 2010, shall have 180 days to comply. During such period, any employee who appears semi-nude shall remain at least six feet from all patrons.

No sexually oriented business shall be open between the hours of midnight and 6:00 a.m and no person shall knowingly sell, use, or consume alcohol on the premises. No person shall knowingly allow a person under the age of eighteen on the premises.

FISCAL DESCRIPTION (continued)

In order to violate the provisions of this proposal, the person must have committed such acts knowingly or recklessly. An act of an employee shall be imputed to the business, only if an officer or manager knowingly or recklessly allows such act to occur on the premises. A violation of this proposal shall be deemed a misdemeanor punishable by a fine not to exceed \$500 or imprisonment not to exceed 90 days. Any business repeatedly operated in violation of this act shall constitute a public nuisance and shall be subject to civil abatement proceedings.

Nothing in this proposal shall prevent a political subdivision from enacting local ordinances regulating sexually oriented businesses.

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

The proposal contains a severability clause.

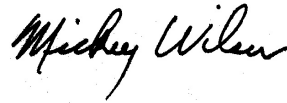
SOURCES OF INFORMATION

Office of the Attorney General
Office of State Courts Administrator
Department of Public Safety
 – Missouri State Highway Patrol
 – Director's Office
Missouri House of Representatives
Office of Prosecution Services
Missouri Senate
Boone County Sheriff
Jefferson City Police Department
Jackson County Sheriff
City of Centralia
City of Kansas City
Cass County

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NOT RESPONDING

Buchanan County Sheriff, Clark County Sheriff, Columbia Police Department, Independence Police Department, Kansas City Police Department, Platte County Sheriff, Springfield Police Department, St. Charles Police Department, St. Joseph Police Department, St. Louis County Police Department, St. Louis Metropolitan Police Department, Various Cities, Various Counties



Mickey Wilson, CPA
Director
April 16, 2010