

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0441-01
Bill No.: SB 287
Subject: Alcohol; Business and Commerce; Law Enforcement Officers and Agencies
Type: Original
Date: March 14, 2011

Bill Summary: This proposal creates a liquor license for wine shops to allow them to serve alcohol on Sundays.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$21,733)	\$51,870	\$49,528
Total Estimated Net Effect on General Revenue Fund	(\$21,733)	\$51,870	\$49,528

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 6 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
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3	3	3

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	\$510,833	\$613,000	\$613,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state Section 311.087 would provide for a new Sunday by drink license type for a wine shop. A wine shop is defined as an establishment that uses dispensing accessories to serve wine by the drink at retail for consumption on the premises where sold. ATC assumes various current liquor-by-the-drink establishments may make minor changes to their business to qualify as a 'wine shop' as defined in the proposal in order to be open on Sundays.

Based on the number of current licenses issued that could apply for a Sunday Wine Shop License, 6,364 licensees could apply for this license. There are already 3,912 licenses issued for Sunday sales by drink that qualify under other requirements such as food sales, overnight lodging accommodations, recreational activities, to name a few. That leaves 2,452 licensees that have intoxicating liquor by drink license. ATC estimates that 50% of those or 1,226 would obtain a Sunday Wine Shop license.

Each license will be open an additional 15 hours per week for 52 weeks. In terms of hours of operation, that means that by drink establishments will be open an additional 956,280 hours annually (15 x 52 x 1,226). With Sunday being one of the busiest days for retailers that serve by the drink, and no food sales as a requirement for a Sunday license, ATC predicts there will be more overconsumption related problems that will require increased manpower to assure that liquor laws are observed.

ATC has requested 3 Agents located in Kansas City, St. Louis, and Springfield areas. These Agents will assist local law enforcement and will field questions and complaints relating to these establishments. They will continue to provide assistance to retailers to help them understand the liquor laws and associated problems with overconsumption, i.e., fights, rowdy behaviors, violent crimes, vandalism and sexual assaults, etc.

Revenues will increase for liquor and wine retail by the drink licensees that qualify to open on Sunday between the hours of 9:00 a.m. and midnight. Previously, in order to be eligible for a Sunday license, a by the drink establishment must qualify under certain requirements such as food sales, overnight lodging accommodations, recreational activities, to name a few. This prevented numerous licensees from being able to obtain a license to operate on Sunday. Under this proposed legislation, any licensee that wants to obtain a Sunday license will be able to with minimal investment. Therefore, these licensees will see an increase in revenue from being open on Sunday.

ASSUMPTION (continued)

Counties may charge a fee equal to state liquor license fees (Section 311.220). Based on the above calculations, 1,226 new licenses issued at \$200 each would be \$245,200 additional revenue. In FY 2012, the licenses aren't issued until August 28, 2012; therefore, the license would be prorated for ten months generating \$204,333. Cities may charge 150% of state liquor license fees (Section 311.220). Therefore, 1,226 new licenses issued \$200 each x 1.5 would be \$367,800 additional revenue. In FY 2012, the licenses aren't issued until August 28, 2012; therefore, the license would be prorated for ten months generating \$306,500.

Oversight assumes there would not be a large number of wine shops that would qualify for this new license; however, Oversight will utilize ATC's assumption that many other liquor-by-the-drink establishments may add wine 'dispensing accessories' in order to acquire such a license. With this license, wine shop establishments would not be limited to serving wine on Sundays, but could sell all legal 'intoxicating liquor by the drink at retail for consumption'.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Income - Alcohol and Tobacco Control</u>			
Sunday liquor license fee for wine shops	\$204,333	\$245,200	\$245,200
<u>Costs - Alcohol and Tobacco Control</u>			
Personal Service (3 FTE)	(\$89,880)	(\$108,935)	(\$110,024)
Fringe Benefits	(\$47,043)	(\$57,017)	(\$57,587)
Vehicles	(\$51,051)	\$0	\$0
Expense and Equipment	(\$38,092)	(\$27,378)	(\$28,061)
<u>Total Costs - ATC</u>	<u>(\$226,066)</u>	<u>(\$193,330)</u>	<u>(\$195,672)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$21,733)</u>	<u>\$51,870</u>	<u>\$49,528</u>
Estimated Net FTE Change for General Revenue	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Counties - liquor license revenue for new wine shops (same rate as the state)	\$204,333	\$245,200	\$245,200
<u>Income</u> - Cities - liquor license revenue for new wine shops (one and one half the rate of the state)	<u>\$306,500</u>	<u>\$367,800</u>	<u>\$367,800</u>
TOTAL FISCAL IMPACT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$510,833</u>	<u>\$613,000</u>	<u>\$613,000</u>

FISCAL IMPACT - Small Business

Liquor by the drink establishments could obtain a Sunday license as a result of this proposal.

FISCAL DESCRIPTION

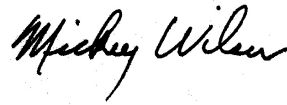
This act creates a special liquor license for wine shops to allow them to serve alcohol on Sundays from 9 a.m. to midnight. A wine shop is defined by the act as an establishment that serves wine by the drink out of dispensing accessories. There is a \$200 fee for the special license.

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, slightly slanted style.

Mickey Wilson, CPA
Director
March 14, 2011