

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1715-02
Bill No.: SB 404
Subject: Alcohol; Crimes and Punishment; Licenses - Liquor and Beer
Type: Original
Date: February 17, 2017

Bill Summary: This proposal modifies provisions relating to the shipment of alcohol products directly to consumers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$16,380	\$21,840	\$21,840
Total Estimated Net Effect on General Revenue	\$16,380	\$21,840	\$21,840

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
ATC Dedicated Licensing	\$38,220	\$50,960	\$50,960
Total Estimated Net Effect on Other State Funds	\$38,220	\$50,960	\$50,960

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Alcohol and Tobacco Control (ATC)** state there are currently 1,162 active wine direct shipper licensees and 6 active alcohol carrier licensees. ATC assumes that 40% of the wine direct shipper licensees who ship very little wine into Missouri will not apply if they are required to pay a \$100 annual fee. ATC estimates collections of \$72,800 annually from licensing fees, 698 (1,162 x .60) wine direct shipper licenses X \$100 license fee totaling \$69,800 and 6 carrier licenses X \$500 license fee totaling \$3,000, with 70% of collections going to the ATC Dedicated Fund in the amount of \$50,960 and 30% of collections going to the General Revenue Fund in the amount of \$21,840 as provided for under section 311.730.

wine direct shipper license revenue	\$69,800	General Revenue (30%)	\$21,840
alcohol carrier license	<u>\$ 3,000</u>	ATC Dedicated (70%)	<u>\$50,960</u>
total	\$72,800	Total	\$72,800

Officials from the **Office of Prosecution Services (OPS)** assume the proposal would not have a measurable fiscal impact on their agency. The creation of a new crime creates additional responsibilities for county prosecutors which may, in turn, result in additional costs which are difficult to determine.

Officials from the **Office of the State Courts Administrator** assume no fiscal impact from this proposal.

This proposal will increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Income - DPS - ATC - fee revenue for wine direct shipper license and/or alcohol carrier license</u>	<u>\$16,380</u>	<u>\$21,840</u>	<u>\$21,840</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$16,380</u>	<u>\$21,840</u>	<u>\$21,840</u>

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
(continued)	(10 Mo.)		

ATC DEDICATED FUND

<u>Income</u> - DPS - ATC - fee revenue for wine direct shipper license and/or alcohol carrier license	<u>\$38,220</u>	<u>\$50,960</u>	<u>\$50,960</u>
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ESTIMATED NET EFFECT TO THE ATC DEDICATED FUND	<u>\$38,220</u>	<u>\$50,960</u>	<u>\$50,960</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Certain small alcohol-related businesses could be impacted by this proposal.

FISCAL DESCRIPTION

Under current law, holders of a wine direct shipping license may transport wine, but not other varieties of alcoholic beverages, directly to consumers. The transportation of wine is subject to certain labeling requirements, and brokers and shippers of wine are restricted from soliciting or advertising interstate wine sales. This act adds a license fee of \$100 per year to the applications of wine producers seeking a license to directly ship wine to residents of the state. This wine direct shipper license is distinct from the alcohol carrier license, and is only available to producers of wine specifically.

The act changes the requirement that certain licensed transporters of wine must make a report of the total amount of wine shipped from an annual requirement to a monthly requirement.

The act creates an alcohol carrier license which allows the carrier to transport and deliver shipments of intoxicating liquor directly to residents of the state. An annual fee of \$500 is required to maintain this license. Carriers who ship alcohol directly to consumers without this license are guilty of a Class B misdemeanor.

FISCAL DESCRIPTION (continued)

The act expands the duties of alcohol carrier licensees by requiring them to conspicuously label containers of intoxicating liquor and keep delivery records containing certain details, in addition to their duties under current law to deliver only to legal recipients of intoxicating liquor. Licensees must also make a monthly report containing certain information relating to the dates, amounts, and recipients of their deliveries.

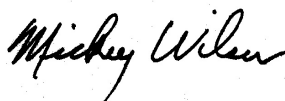
The act expands the requirements placed on licensed alcohol transporters to also encompass retailers of intoxicating liquor, when applicable.

This act repeals certain provisions relating to the shipment and sale of wine.

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 - Alcohol and Tobacco Control
Office of Prosecution Services
Office of the State Courts Administrator



Mickey Wilson, CPA
Director
February 17, 2017

Ross Strobe
Assistant Director
February 17, 2017