

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0746S.05P
Bill No.: Perfected SS for SCS for SB 126
Subject: Licenses - Liquor and Beer; Alcohol
Type: Original
Date: April 13, 2021

Bill Summary: This proposal modifies provisions relating to the sale of intoxicating liquors.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§311.202 – Liquor sales

Officials from the **Department of Public Safety – Division of Alcohol and Tobacco Control (ATC)** state new §311.202 allows the holder of a retail by drink license to sell retailer-packaged alcohol to consumers as long as: the intoxicating liquor is in a rigid, durable, leak-proof, sealable container; the contents of the container doesn't exceed 128 ounces; the consumer orders a meal with the alcohol; the alcohol purchase does not exceed twice the number of meal servings; a dated receipt or electronic record is provided to the consumer for the meal and alcohol purchase, and the sealed container is placed in a one-time use tamperproof bag or the container is separately sealed with tamperproof tape. The container must also have a label that states "THIS BEVERAGE CONTAINS ALCOHOL" and it must be filled in compliance with Section 3-304.17(c) of the 2009 Food and Drug Administration Food Code. Wholesalers and manufacturers are not allowed to furnish these containers to retailers.

Currently, ATC has 15 agent positions that are responsible for 16,200 primary licenses, or 1 agent per 1,080 licenses. It will be extremely difficult for ATC to regulate this change, in addition to the agent's current responsibilities, and ensure compliance and a safe environment with the current agent to license ratio. ATC is asking for 4 special agents, one for each district office, to allow the division to better regulate and enforce this new section.

The National Liquor Law Enforcement Association (NLLEA) did a survey last year of agent to liquor license ratio. Of 18 states that participated, the average agent to license ratio was 1:581. Even with 4 additional agents, ATC's agent to license ratio would be 1:852, which is well over that average.

During 2020, alcohol sales have shifted from on premise to off-premise sales (Nielsen). There seems to be a stronger association between off-premise alcohol sales and an increased rate of violence, assaults, child abuse, alcohol-attributed hospital admissions and impaired driving (Science Direct). Increased off-premise alcohol sales also seems to have an association with increased youth access to alcohol. Compliance checks were conducted in several states as a result of complaints received regarding youth accessing alcohol through curbside services and home delivery. The compliance checks showed a high rate of non-compliance with alcohol being sold to minors (Washington Post). This bill allows alcohol to be purchased with a meal to be consumed off of the licensed premises. Many of these transactions take place through curbside pickup or home delivery, which will increase the ability for minors to access alcohol if the proper age verification isn't conducted. In order for ATC to properly enforce alcohol sale to minor laws, the division will need additional agents to do so.

Oversight notes the ATC currently has 15 agent positions available to enforce violations that result from alcohol compliance checks. This legislation does not change the licensing requirements or compliance checks. Therefore, Oversight assumes the ATC can absorb the provisions from this proposal with existing personnel and resources. However, if additional duties require increased staffing, the ATC may request additional funding through the appropriations process.

Bill as a Whole

Officials from the **Department of Revenue**, the **City of Claycomo**, the **City of Corder**, the **City of Kansas City**, and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal could impact certain small businesses that sell intoxicating liquor.

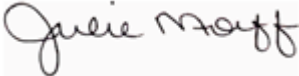
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

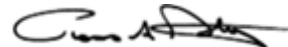
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety –
 Division of Alcohol and Tobacco Control
Department of Revenue
City of Claycomo
City of Corder
City of Kansas City
City of Springfield



Julie Morff
Director
April 13, 2021



Ross Strope
Assistant Director
April 13, 2021