

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0929-04  
Bill No.: SCS for HB 450  
Subject: Alcohol; Motor Vehicles; Entertainment; Sports and Amusements.  
Type: Original  
Date: April 13, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Grape and Wine Fund	\$0	\$1,648,516	\$1,697,971
Marketing Development Fund	\$0	(\$1,648,516)	(\$1,697,971)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

*Missouri Grape and Wine Board;*

In response to a similar proposal from this year (SCS for SB 355), officials from the **State Treasurer's Office** and **Department of Economic Development** assumed no fiscal impact to their agency.

Officials with the **Department of Agriculture (AGR)** assume the proposal will transfer the Grape and Wine monies currently going into the Market Development Fund to the Wine and Grape Fund. AGR also assumes the proposal will change the Grape and Wine Board from advisory appointed by the Director of Agriculture to appointment by the Governor and confirmed by the Senate.

In 2003 over 9.2 million gallons of wine were sold in Missouri. There is a 12 cents-per-gallon tax on each gallon of wine sold in Missouri. In calendar year 2003, this tax generated a total of \$1.1 million, which is the last year for which official figures have been provided by Missouri Alcohol and Tobacco Control. The calendar year 2004 revenue estimate is approximately \$1.3 million, with a continued increase to \$1.5 million expected in calendar year 2006.

RS:LR:OD (12/02)

ASSUMPTION (continued)

**Oversight** assumes the change in funding between the Marketing Development fund and the Grape and Wine fund would occur starting in FY 2007.

*Allows patrons to carry out one or more unfinished bottles of wine from restaurant bar (Section 311.101);*

In response to a previous version of this proposal, officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control** assumed the proposal would not fiscally impact their agency.

*Permits underage culinary students to taste, but not consume, certain alcoholic beverages as required by a curriculum (Section 311.325);*

In response to a similar proposal from this year (SB 105), officials from the **University of Missouri, Central Missouri State University, Southwest Missouri State University**, the **Department of Higher Education** and the **Department of Public Safety - Division of Alcohol and Tobacco Control** each assumed the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GRAPE AND WINE FUND</b>			
<u>Transfer In</u> - from Marketing Development Fund	<u>\$0</u>	<u>\$1,648,516</u>	<u>\$1,697,971</u>
<b>ESTIMATED NET EFFECT ON GRAPE AND WINE FUND</b>	<b><u>\$0</u></b>	<b><u>\$1,648,516</u></b>	<b><u>\$1,697,971</u></b>

FISCAL IMPACT - State Government  
 (continued)

FY 2006  
 (10 Mo.)

FY 2007

FY 2008

**MARKETING DEVELOPMENT  
 FUND**

Transfer Out - to Grape and Wine Fund

\$0

(\$1,648,516)

(\$1,697,971)

**ESTIMATED NET EFFECT ON  
 MARKETING DEVELOPMENT  
 FUND**

**\$0**

**(\$1,648,516)**

**(\$1,697,971)**

FISCAL IMPACT - Local Government

FY 2006  
 (10 Mo.)

FY 2007

FY 2008

**\$0**

**\$0**

**\$0**

FISCAL IMPACT - Small Business

Yes.

DESCRIPTION

This proposal creates the Missouri Wine and Grape Board. The purpose of the board is to further the growth and development of the grape growing industry in the state of Missouri. In order to reach these goals, the board may participate in activities with other groups and organizations to develop better grape varieties, develop research projects, utilize expertise of the board members and experts in the proper fields of study, furnish information and data to grape growers and vintners, and participate in studies, programs, and information dissemination in the areas of sales, promotions, and effective distribution of Missouri wines.

The principal office of the board will be located in Jefferson City, but it may have offices elsewhere if needed. The board will act as an organization within the Department of Agriculture and receive funding from the "Missouri Wine and Grape Fund".

RS:LR:OD (12/02)

DESCRIPTION (continued)

No officer or employee shall be considered to have given up his or her office or employment by accepting membership on the board.

The act provides that the board will have 11 members. Seven of the members will represent the Missouri grape and wine industry, the food service industry, or the medai marketing industry. These members will be current members of the Missouri Grape and Wine Advisory Board. When the terms of these members expire, the seven positions will be filled by having the Governor appoint new members, with the advice and consent of the Senate, for four year terms. No appointed board member can serve more than two consecutive terms. The board will also have four ex officio members, including the President of the Missouri Grape Growers Association, the President of the Missouri Vintners Association, the President of the Missouri Wine Marketing and Research Council, and the Director of the Department of Agriculture. The members shall be voting members and their terms will coincide with the time they hold the elected or appointed office.

The act provides for the schedule of where and how often the board must meet. It also specifies how many members are necessary for a quorum and voting. The board members can be removed from office by the Governor for malfeasance, neglect of duty, or other cause after notice of a public hearing.

The act requires the board to select a chairperson and vice chairperson. They can also elect other officers if necessary. The board members will not receive compensation for their duties, but they shall be reimbursed for their expenses.

The board must employ an executive director who will serve as the secretary of the board and will administer and manage the affairs and business of the board. The board may also employ experts. The director and other employees will be eligible for all corresponding benefits. The director, as secretary, will be responsible for keeping the records of the board.

To fulfill their goals and duties, the board will have power to:

- Receive and accept aid or contributions for purposes consistent with this act;
- Work with and counsel viticulture and enology experts on the needs of grape producers and wine makers in order to make the best strains of grape varieties;
- Review progress and reports from experts;
- Confer and cooperate with other boards and councils;
- Approve and recommend amendments to these powers; and
- Perform other duties necessary to proper operation of the board.

DESCRIPTION (continued)

The board must submit an annual report to the Governor and General Assembly on the activities of the prior year.

Currently the charges imposed under Section 311.554, RSMo, are deposited to the credit of a separate account in the Marketing Development Fund, created by Section 261.035, RSMo. Beginning July 1, 2006, this act would require such charges to be deposited into the "Missouri Wine and Grape Fund", which is created by this act. There is a six cents per gallon charge for the selling of wine which can only be used for market development in developing programs for growing, selling, and marketing of grapes and grape products grown in Missouri. There is an additional six cent per gallon charge which can only be used for research and advertisement of grapes and grape products in Missouri.

The proposal also allows a person to take home an open bottle of wine from a restaurant. The wine must have been purchased with a meal; the person must retain the receipt for the meal; and the wine must be resealed before leaving the restaurant. The person would be exempt from any open container violation as long as the new seal on the wine bottle remained intact.

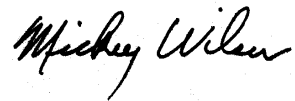
This proposal also allows culinary students who are eighteen years of age or older to taste, but not consume or imbibe, any beer, ale, porter, wine, or other similar malt or fermented beverage as part of the required curriculum.

The proposal explicitly disallows a student under the age of twenty-one to receive any beer, ale, porter, wine, or other similar malt or fermented beverage unless the beverage is delivered as part of the student's required curriculum and the beverage is used only for instructional purposes during classes conducted as part of the curriculum.

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  
Department of Economic Development  
State Treasurer's Office  
Department of Agriculture  
Department of Higher Education  
University of Missouri  
Central Missouri State University  
Southwest Missouri State University

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

Mickey Wilson, CPA  
Director  
April 13 2005