

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2158-02
Bill No.: HB 944
Subject: Alcohol; Business and Commerce; Public Safety Department
Type: Original
Date: March 7, 2007

Bill Summary: This proposal allows wine manufacturers and alcohol carriers to ship or deliver intoxicating liquor to Missouri residents who are twenty-one years of age or older.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$20,301	\$52,252	\$49,193
Total Estimated Net Effect on General Revenue Fund	\$20,301	\$52,252	\$49,193

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Wine and Grape	\$50,000	\$60,000	\$60,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$50,000	\$60,000	\$60,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☐ 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 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control (ATC)** state there are approximately 61 wine manufacturers in the state of Missouri. The Division estimates that with out-of-state wine manufacturers included, the number of wine manufacturers will go up to 600 who will require registration and will be shipping to consumers in the state of Missouri. In addition, the Division will also have to permit carriers who want to be allowed to ship alcoholic beverages. These carriers will number from 60 to 100.

Wine manufacturers that ship wine into the state of Missouri will have to pay excise taxes to the state of Missouri. The Division believes that there will be 500,000 gallons of wine shipped into the state that will be taxed when previously it was not taxed. This will generate additional state revenue of \$210,000 (\$0.42 excise tax rate per gallon x 500,000 gallons). \$150,000 of this will go to General Revenue, and \$60,000 will go to the Department of Agriculture's Wine and Grape Program Fund.

The ATC states they would have to permit an additional 550 wine manufacturers and from 60 to 100 carriers. The wine manufacturers would have to annually report their shipments and pay excise taxes on the amount of wine shipped into Missouri. Additional paperwork anticipated by this amount of new permitting and reporting would require an additional clerical employee (Senior Office Support Assistant at \$23,160 annually).

Periodic review and audits of records of wine manufacturers would require an additional Auditor II (at \$35,148 annually) who would work under the supervision of the current Senior Auditor. The Auditor would have to work in coordination with other State Alcohol Beverage Control agencies to assure proper reporting and disciplinary procedures against wine manufacturers or carriers who violate the liquor laws. Also, the Auditor would need to train all carriers on the proper ID validation and verification techniques.

Officials from the **Office of the Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less

ASSUMPTION (continued)

than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Public Safety - Director's Office** and the **Department of Transportation** each assume the proposal would not fiscally impact their respective agencies.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Income</u> - Department of Public Safety			
Estimate of excise taxes collected on wine shipped into Missouri (30 cents per gallon as provided in 311.550)	\$125,000	\$150,000	\$150,000
<u>Costs</u> - Department of Public Safety			
Personal Service	(\$50,048)	(\$61,859)	(\$63,715)
Fringe Benefits	(\$22,652)	(\$27,997)	(\$28,837)
Expense and Equipment	(\$31,999)	(\$7,892)	(\$8,255)
<u>Total Costs - DPS</u>	<u>(\$104,699)</u>	<u>(\$97,748)</u>	<u>(\$100,807)</u>
FTE Change - DPS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$20,301</u>	<u>\$52,252</u>	<u>\$49,193</u>
Estimated Net FTE Change for General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2008 (10 Mo.)	FY 2009	FY 2010
--	---------------------	---------	---------

**MISSOURI WINE AND GRAPE
FUND**

<u>Income</u> - Department of Public Safety Estimate of excise taxes collected on wine shipped into Missouri (two six cents per gallon taxes provided in 311.554)	<u>\$50,000</u>	<u>\$60,000</u>	<u>\$60,000</u>
--	-----------------	-----------------	-----------------

ESTIMATED NET EFFECT TO THE MISSOURI WINE AND GRAPE FUND	<u>\$50,000</u>	<u>\$60,000</u>	<u>\$60,000</u>
---	------------------------	------------------------	------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small wine businesses could be fiscally impacted as a result of this proposal.

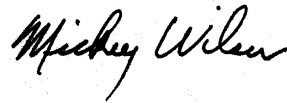
FISCAL DESCRIPTION

This proposal allows licensed wine manufacturers to obtain wine direct shipper licenses from the Division of Alcohol and Tobacco Control within the Department of Public Safety in order to ship up to two cases of wine per month directly to a Missouri resident older than 21 years of age for his or her personal use. Wine manufacturers must use a licensed alcohol carrier as established in the bill when shipping wine under the provisions of the bill.

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
Office of the Secretary of State
Department of Transportation
Office of the Attorney General

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

Mickey Wilson, CPA
Director
March 7, 2007