

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5473-01
Bill No.: HB 2421
Subject: Alcohol; Business and Commerce; Entertainment, Sports and Amusements;
 Kansas City
Type: Original
Date: April 8, 2008

Bill Summary: This proposal allows a Kansas City festival district's promotional association to obtain a license to sell alcohol for consumption.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$69,257)	(\$58,041)	(\$59,809)
Total Estimated Net Effect on General Revenue Fund	(\$69,257)	(\$58,041)	(\$59,809)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2009	FY 2010	FY 2011
Local Government	\$1,875	\$2,250	\$2,250

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state this bill would allow for a new license type for promotional associations within a festival district. The festival district must include three or more alcohol licensed businesses and a common area and must be closed to traffic. The promotional association would be required to submit a plan to the city with details about the event and would be permitted to sell liquor for consumption within the district common including on Sunday. Customers would be permitted to leave the licensed establishment with an alcoholic beverage and consume it within the festival district. Minors allowed at the event must be easily distinguished from persons of legal age. The ATC would need an additional Agent to conduct party patrols and walk-throughs during festival events to assure that alcohol is not being provided to underage patrons outside the licensed establishments in the festival district, and that sales are not made to intoxicated persons. Any new license type that increases the availability of alcohol would require additional enforcement staff.

The ATC assumes an annual fee revenue resulting from this proposal of \$900 per year (three licenses) to the General Revenue Fund as well as \$1,350 (150% of state fee) to cities and \$900 (100% of state fee) to counties.

The ATC assumes a total cost of the additional FTE to be \$70,007 in FY 2009 (which includes the purchase of a \$16,000 vehicle), and roughly \$60,000 per year thereafter.

Officials from the **City of Kansas City** did not respond to our request for fiscal impact; however, in response to a similar proposal from 2007 (HB 736), Kansas City assumed no fiscal impact.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Income</u> - Alcohol & Tobacco Control			
Liquor license revenue from festival district permits	\$750	\$900	\$900
<u>Costs</u> - Alcohol and Tobacco Control			
Personal Service (1 FTE)	(\$28,871)	(\$35,684)	(\$36,755)
Fringe Benefits	(\$12,767)	(\$15,779)	(\$16,253)
Expense and Equipment	(\$28,369)	(\$7,478)	(\$7,701)
<u>Total Costs</u> - ATC	<u>(\$70,007)</u>	<u>(\$58,941)</u>	<u>(\$60,709)</u>
FTE Change ATC	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$69,257)</u>	<u>(\$58,041)</u>	<u>(\$59,809)</u>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
LOCAL POLITICAL SUBDIVISIONS			
<u>Cities</u> - Increase liquor license revenue from festival district permits			
	\$1,125	\$1,350	\$1,350
<u>Counties</u> - Increase liquor license revenue from festival district permits			
	<u>\$750</u>	<u>\$900</u>	<u>\$900</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$1,875</u>	<u>\$2,250</u>	<u>\$2,250</u>

FISCAL IMPACT - Small Business

Small businesses that desire to create a festival district could be fiscally impacted as a result of this proposal.

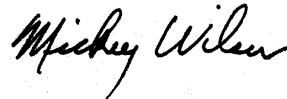
FISCAL DESCRIPTION

This bill allows a Kansas City festival district promotional association to obtain a license to sell intoxicating liquor and nonintoxicating beer for consumption at the businesses and common areas within the festival district.

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
City of Kansas City



Mickey Wilson, CPA
Director
April 8, 2008