

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0693-01  
Bill No.: HB 212  
Subject: Alcohol; State Treasurer; Appropriations  
Type: Original  
Date: January 22, 2009

Bill Summary: This proposal creates the Fund for the Reduction of Alcohol-Related Problems and Underage Drinking to provide funding for various activities to reduce alcohol-related problems.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0	(\$10,460,000)	(\$20,930,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$10,460,000)</b>	<b>(\$20,930,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Fund for the Reduction of Alcohol-Related Problems and Underage Drinking*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* **Offsetting revenues and expenditures in fiscal years 2011 and beyond.**

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** assume the proposal would have no fiscal impact and would be subject to appropriation. If the ATC were to receive appropriations, there would be an impact.

Officials from the **Department of Transportation (MoDOT)** state there is the potential that moneys in this fund could be used to assist MoDOT's Office of Highway Safety for enforcement of intoxication-related traffic offenses, but any fiscal impact is uncertain. MoDOT also states that numerous programs that are currently funded with federal highway safety grant monies would be eligible to receive financial support from such a fund, therefore releasing some Highway Safety dollars to support other programs.

Officials from the **Department of Revenue, Office of the State Treasurer, Department of Health and Senior Services** and the **Department of Corrections** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the State Courts Administrator** assume the proposal would not fiscally impact the courts.

Officials from the **Office of Administration - Budget and Planning (BAP)** state the proposal directs revenues generated by excise taxes on alcohol to the "Fund for the Reduction of Alcohol-Related Problems and Underage Drinking." There is a wording conflict in the proposal. Section 7 directs all revenues to be deposited to the new fund, where Section 2(1)-(3) creates a phase-in schedule. Furthermore, the phase-in schedule does not begin until FY 2011, when, as noted above, some revenues would be deposited in the fund in FY 2011. BAP assumes Section 7 would prevail, and be effective August 28, 2009.

BAP estimates this will reduce general revenue by \$29.6 million in FY 2010 (10 months of revenue), \$36.6 million in FY 2011, and \$37.7 million in FY 2012. Revised estimates of general revenue losses may be available at a later date. This proposal will not impact total state revenues.

Officials from the **Office of 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 SOS 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 the

ASSUMPTION (continued)

SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs.

However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 Elementary and Secondary Education (DESE)** state that beginning in FY 2011, monies appropriated by the general assembly, any private donations made in the form of gifts, bequests, and tax revenues received under chapter 312, RSMo, from the sale of alcohol shall be deposited into the "Fund for the Reduction of Alcohol-Related Problems and Underage Drinking" (FRARPUD) which is hereby established.

Appropriation of these funds by the general assembly will be guided by many considerations including, school-based prevention and remediation; support for programs and services pursuant to the drug-free schools act; demonstrated need for resources to address the reduction of alcohol-related problems in institutions of elementary and secondary education; as well as, support for programs provided in schools pursuant to section 589.310.

DESE states they cannot know the extent to which these appropriations will impact the department or the local school districts; however, we assume any impact could be significant.

Officials from the **Department of Mental Health (DMH)** state the revenue deposited in the "Fund for the Reduction of Alcohol-Related Problems" would be subject to appropriation by the legislature. Because the legislation is not specific as to how much funding is to go to prevention and treatment of alcohol abuse programs within DMH, we are unable to estimate the fiscal impact on the Department.

For fiscal year 2005 alcohol tax proceeds totaled \$28,306,772 for fiscal year 2006 \$29,543,999 for fiscal year 2007 \$31,342,359 and for fiscal year 2008 \$31,431,787. Source Department of Public Safety Division of Alcohol and Tobacco Control web-site.

In response to a similar proposal from 2008 (HB 1408), officials from the **Department of Agriculture (AGR)** stated the proposal would have a negative impact on the Missouri Wine and Grape Industry. Presently, the .12 cents excise tax for the wine and grape fund supports grape and wine research and advisement programs. AGR assumed a reduction in income of \$1.5

ASSUMPTION (continued)

million in the first year, \$1.56 million in the second year and \$1.69 million in the third year.

For purposes of the fiscal note, **Oversight** will assume the intent of the proposal is for the graduated schedule outlined in subsection 311.551.2 to be utilized. Therefore, Oversight will not utilize BAP's assumption that subsection 311.551.7 (which states that as of the effective date, all state excise tax revenues generated from the sale of alcohol in this state shall be deposited in the fund for the reduction of alcohol-related problems and underage drinking) will prevail. Therefore, using the reported excise tax collections for alcohol of \$31.4 million in FY 2008, Oversight will assume one-third, or \$10.46 million, will be diverted in FY 2011 and \$20.93 million will be diverted in FY 2012. Oversight assumes all of the diverted revenue from this proposal would be spent by various state agencies, including the Division of Alcohol and Tobacco Control, as outlined in the proposal. The net effect of the proposal (after a three year phase-in period) would be a loss of over \$31.4 million to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2010	FY 2011	FY 2012
	(10 Mo.)		
<b>GENERAL REVENUE</b>			
<u>Loss – Graduated loss of liquor excise tax revenue now going to the Reduction of Alcohol-Related Problems and Underage Drinking (1/3 in FY 2011, 2/3 in FY 2012)</u>	<u>\$0</u>	<u>(\$10,460,000)</u>	<u>(\$20,930,000)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>(\$10,460,000)</u></b>	<b><u>(\$20,930,000)</u></b>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>FUND FOR THE REDUCTION OF ALCOHOL-RELATED PROBLEMS AND UNDERAGE DRINKING</b>			
<u>Income</u> – from liquor excise tax revenue incrementally going to this new fund	\$0	\$10,460,000	\$20,930,000
<u>Costs</u> – Various state agencies Program costs (1/2 for prevention and law enforcement)	\$0	(\$5,230,000)	(\$10,465,000)
<u>Costs</u> – Various state agencies Program costs (1/2 for treatment and recovery support)	<u>\$0</u>	<u>(\$5,230,000)</u>	<u>(\$10,465,000)</u>
<b>ESTIMATED NET EFFECT ON FUND FOR THE REDUCTION OF ALCOHOL-RELATED PROBLEMS AND UNDERAGE DRINKING</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This proposal creates the Fund for the Reduction of Alcohol-Related Problems and Underage Drinking to be administered by the State Treasurer. The fund will receive moneys through appropriations from taxes and fees for selling intoxicating liquor and from private donations. Half of the moneys in the fund will be used for prevention and alcohol-related traffic safety and half for treatment and recovery support of alcohol-related problems. Alcohol-related problems are specified, as well as services and programs. The fund will be implemented over a three-year period.

The provisions of the bill will expire six years from the effective date.

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

Office of the State Treasurer  
Department of Revenue  
Department of Health and Senior Services  
Department of Mental Health  
Department of Transportation  
Office of the Secretary of State  
Office of Administration - Budget and Planning  
Department of Public Safety  
Department of Elementary and Secondary Education  
Department of Corrections  
Office of the State Courts Administrator  
Department of Agriculture



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