

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3785-01
Bill No.: HB 1367
Subject: Alcohol; Public Safety Department
Type: Original
Date: April 6, 2010

Bill Summary: This proposal allows any winery, distiller, manufacturer, wholesaler or brewer to provide beverage samples on a licensed premises for tasting purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$76,931)	(\$65,639)	(\$67,608)
Total Estimated Net Effect on General Revenue Fund	(\$76,931)	(\$65,639)	(\$67,608)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1	1	1

☐ 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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Director's Office** assume the proposal would not have a fiscal impact on their agency.

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state this bill opens up alcohol beverage tastings in the State of Missouri. There will be a large proliferation of samplings occurring in the approximately 12,000 licensed locations that will be eligible to have tastings on their premises. The Division will need one Agent to oversee that tastings are conducted in accordance with the regulations and one Senior Auditor/Agent to work on the trade practice issues as a result of wineries, distillers, brewers, manufacturers and wholesalers being allowed to furnish services to retailers.

This bill allows retailers with an original package tasting license, domestic wineries and sales by-the-drink establishments to conduct samplings and allows the winery, distiller, manufacturer, wholesaler, or brewer to provide, furnish or pour alcoholic beverages on a retail licensed premise. In order to ascertain that retailers are being provided only what is allowed in this bill, and not being provided direct or indirect financial interest as disallowed in Section 311.070, RSMo, the Division will need to routinely inspect and investigate these events. Trade practice issues, which have increasingly become problematic in the State, have the potential to become worse with the top two tiers of the liquor industry (manufacturers and wholesalers) being able to provide services and possible financial incentives to the third tier (retailers). To properly oversee enforcement, the Division will need one Agent and one Senior Auditor/Agent.

In summary, the ATC assumes a cost to the General Revenue Fund of roughly \$150,000 each year as a result of this proposal, which includes two vehicles purchased in the first fiscal year.

Oversight assumes the ATC will need the additional Agent to conduct inspections and investigations; however, Oversight assumes the ATC will not require an additional FTE Senior Auditor to work on trade practice issues related to this proposal.

Oversight has, for fiscal note purposes only, changed the starting salary for ATC's Agent to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Costs - Alcohol and Tobacco Control</u>			
Personal Service (1 FTE)	(\$30,859)	(\$38,141)	(\$39,285)
Fringe Benefits	(\$16,182)	(\$20,001)	(\$20,601)
Expense and Equipment	(\$12,873)	(\$7,497)	(\$7,722)
Vehicle	(\$17,017)	\$0	\$0
<u>Total Costs - ATC</u>	<u>(\$76,931)</u>	<u>(\$65,639)</u>	<u>(\$67,608)</u>
FTE Change - ATC	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$76,931)</u>	<u>(\$65,639)</u>	<u>(\$67,608)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

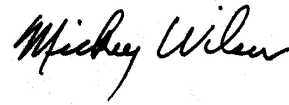
This bill allows wineries, distillers, manufacturers, wholesalers, or brewers to provide samples for customer tasting purposes at licensed retail premises that have a special permit or a by-the-drink-for-consumption-on-the-premises-where-sold retail license. The winery, distiller, manufacturer, wholesaler, or brewer cannot give money or anything of value to the retailer for the privilege or opportunity to conduct the tasting.

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

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SOURCES OF INFORMATION

Department of Public Safety

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Director
April 6, 2010