

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1965-01
Bill No.: Perfected HB 842
Subject: Alcohol; Tobacco Products; Department of Public Safety
Type: Original
Date: April 22, 2015

Bill Summary: This proposal creates the Division of Alcohol and Tobacco Control Fund for the enforcement of liquor and tobacco control laws and directs fees from liquor licenses and permits to the fund. The proposal also prohibits the use or sale of powdered alcohol.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------------|----------------------|----------------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| General Revenue | (\$3,286,746) | (\$3,286,746) | (\$3,286,746) |
| Total Estimated Net Effect on General Revenue | (\$3,286,746) | (\$3,286,746) | (\$3,286,746) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|--------------------|--------------------|--------------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Division of Alcohol and Tobacco Control | \$3,286,746 | \$3,286,746 | \$3,286,746 |
| Total Estimated Net Effect on Other State Funds | \$3,286,746 | \$3,286,746 | \$3,286,746 |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§§ 311.730 & 311.735 Division of Alcohol and Tobacco Fund:

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state they collected \$4,695,352 in licensing fees in FY 2014. ATC expects FY 2015 will result in similar collections. Seventy percent of this amount is 3,286,746. ATC assumes this would be a loss to the General Revenue Fund and a gain to the new ATC Fund.

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

Oversight notes that the FY 2015 core appropriation for the Division of Alcohol and Tobacco Control operations is \$1,149,403 (\$839,384 General Revenue, \$165,005 Federal, and \$145,014 from the Healthy Families Trust Fund).

House Amendment 1 - Powdered Alcohol:

In response to a similar proposal from this year (HB 1329), officials from the **Department of Public Safety (Alcohol and Tobacco Control and Missouri Highway Patrol)**, and the **Office of the State Courts Administrator** each assumed the proposal would not fiscally impact their respective agencies.

In response to a similar proposal from this year (HB 1329), officials from the **Office of Prosecution Services** assumed the proposal would have no measurable fiscal impact on their agency. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

In response to a similar proposal from this year (HB 1329), officials at the **Office of State Public Defender (SPD)** stated they could not assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crime of sale or possession of powdered alcohol - a new class C misdemeanor.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases where the right to counsel attaches.

ASSUMPTION (continued)

Oversight assumes the SPD can absorb the additional caseload that may result from this proposal.

| <u>FISCAL IMPACT - State Government</u> | FY 2016 | FY 2017 | FY 2018 |
|---|-----------------------------|-----------------------------|-----------------------------|
| GENERAL REVENUE | | | |
| <u>Loss - Alcohol and Tobacco Control</u> | | | |
| Sections 311.730 & 311.735 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund | <u>(\$3,286,746)</u> | <u>(\$3,286,746)</u> | <u>(\$3,286,746)</u> |
| ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND | <u>(\$3,286,746)</u> | <u>(\$3,286,746)</u> | <u>(\$3,286,746)</u> |
| | | | |
| ALCOHOL AND TOBACCO CONTROL TRUST FUND | | | |
| <u>Gain - Alcohol and Tobacco Control</u> | | | |
| Sections 311.730 & 311.735 - Creation of new Alcohol and Tobacco Control Trust Fund and the direction of unspecified fees to be deposited into the fund instead of the General Revenue Fund | <u>\$3,286,746</u> | <u>\$3,286,746</u> | <u>\$3,286,746</u> |
| ESTIMATED NET EFFECT TO THE ALCOHOL AND TOBACCO CONTROL TRUST FUND | <u>\$3,286,746</u> | <u>\$3,286,746</u> | <u>\$3,286,746</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2016 | FY 2017 | FY 2018 |
|---|------------|------------|------------|
| | <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 proposal creates the Division of Alcohol and Tobacco Control Fund. Under this act, 70 percent of the fees collected for liquor licenses and permits are directed to the fund. Money in the fund may only be used by the Division of Alcohol and Tobacco Control for the administration and enforcement of the liquor control laws and laws prohibiting the sale of tobacco to minors.

House Amendment 1 added an emergency clause.

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 - Alcohol and Tobacco Control
Office of the State Treasurer
Office of Prosecution Services
Office of the State Courts Administrator
Office of the State Public Defender



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April 22, 2015

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April 22, 2015