

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3451-01
BILL NO.: HB 1710
SUBJECT: Alcohol
TYPE: Original
DATE: February 10, 2000

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| None | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| None | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| Local Government | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Public Safety, Division of Liquor Control's authority to promulgate rules, regulations, and forms. SOS estimates the Division could promulgate 12 new pages of regulations in the Code of State Regulations at a cost of \$26.50 per page, and 18 new pages in the Missouri Register at a cost of \$22.50 per page. The actual fiscal impact would be dependent upon the actual rule making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Attorney General** did not respond to our fiscal impact request. **Oversight** assumes this proposal would not fiscally impact their agency.

The **Department of Public Safety, Division of Liquor Control (DLS)** states that keg sales equal ten percent of all beer sales. Beer sales total 12.6 million gallons annually, which equates to over 1,000,000 keg sales for which this proposal would require DLS to maintain detailed records. DLS assumes that this proposal would require three additional Agents (\$34,992), located in Kansas City, St. Louis, and Jefferson City, due to the additional workload associated with monitoring and determining compliance with keg registration as required. In addition, DLS assumes an additional Clerk IV (\$25,440) would be needed to post and maintain records, and provide information as requested to courts, prosecutors, law enforcement agencies or parties to law suits. DLS estimates total costs for the 4 FTE, including related fringe, expense and equipment, and rental space, at \$194,204, \$211,409, and \$216,860 in FY01, FY02, and FY03, respectively.

Oversight assumes that this proposal requires liquor retailers who sell beer or ale by the keg to keep records of keg sales and make them open to inspection by DLS. Because DLS is not required to maintain these records, Oversight assumes existing staff could be used to monitor compliance with keg registration.

| <u>FISCAL IMPACT - State Government</u> | FY 2001 (6 Mo.) | FY 2002 | FY 2003 |
|---|--------------------|---------|---------|
| | \$0 | \$0 | \$0 |

| <u>FISCAL IMPACT - Local Government</u> | FY 2001 (6 Mo.) | FY 2002 | FY 2003 |
|---|--------------------|---------|---------|
| | \$0 | \$0 | \$0 |

FISCAL IMPACT - Small Business

This proposal would fiscally impact small liquor retailers, as it would require them to obtain a permit to sell intoxicating liquor by the keg for off-premises consumption, register all kegs sold, and maintain records of keg sales.

DESCRIPTION

This proposal allows the Supervisor of Liquor Control to grant a permit to retailers of intoxicating liquor for the sale of intoxicating liquor by the keg. Retailers granted this permit must register the sale of each keg and affix a registration seal on each keg at the time of sale. The registration seal may only be removed by the retailer upon return of the keg. Retailers are required to maintain a complete and accurate record of all registration forms. Registration records must be open to inspection by the supervisor and law enforcement officers. Registration requirements also apply to kegs picked up from a wholesaler. Persons who purchase and take possession of kegs may not transfer possession of the keg. This bill becomes effective on January 1, 2001.

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
Division of Liquor Control
Secretary of State's Office
Office of Attorney General

NOT RESPONDING: Office of Attorney General

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
February 10, 2000