

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 3790-01
BILL NO. HB 1541
SUBJECT: Liquor
TYPE: Original
DATE: February 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue Fund	\$585,088	\$184,023	\$176,721
Total Estimated Net Effect on <u>All</u> State Funds	\$585,088	\$184,023	\$176,721

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
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	\$990,250	\$1,188,300	\$1,188,300

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

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue** assume this proposal would not fiscally impact their agencies.

Officials of the **Department of Public Safety, Division of Liquor Control (DLS)** state that this proposal authorizes them to issue a special license to allow retail liquor-by-the-drink establishments to sell intoxicating liquor on Sundays between the hours of 9:00 am and midnight for an additional license fee of \$200 per year. It also allows cities and counties to collect a fee of up to \$300 from licensees who sell intoxicating liquor by the drink on Sunday.

DLS further states that there are currently 5,730 retail liquor-by-the-drink establishments licensed with them, and they have issued 2,624 Sunday retail liquor-by-the-drink licenses under current law. DLS estimates that 75%, or 2,330 of the remaining 3,106 establishments will obtain a Sunday license. Therefore, this proposal would generate an additional \$466,000 (2,330 additional licenses at \$200 per license) for general revenue annually, beginning in FY02. Because liquor license fees for FY02 are actually collected in FY 01, DLS estimates revenues for FY 01 at \$854,333 (\$466,000 for FY02 renewals plus \$388,333 for prorated portion of FY 01 licenses).

DLS assumes this proposal would require 10 additional FTE, plus related expenses, equipment, and rental space. DLS states that they would need 7 additional Agents (\$34,992), one Agent in each of five districts and two in St. Louis, to process new and renewal Sunday retail liquor license applications, monitor the sale of liquor at the 2,330 new Sunday retail establishments to determine compliance with liquor control laws and regulations, and investigate complaints from citizens concerning Sunday sales, which DLS estimates will increase by 20%. DLS further estimates the need for an additional 3 Clerk IVs (\$25,440) to process the additional investigative reports, violation reports, license applications, and case load that will result from these Sunday licenses.

Oversight assumes that 7 FTE (5 Agents and 2 Clerk IVs) would be sufficient to perform the additional duties created by this proposal. DLS estimates this proposal would result in licensees being open an additional 1,575,080 "peak" hours on Sundays. Currently, there are approximately 8,938,800 "peak" hours (5,730 establishments x 3 days x 10 hours x 52 weeks). Therefore, this proposal would result in approximately an 18% increase in the number of "peak" hours necessary to be monitored by agents. In addition, DLS assumes this proposal would result in a 20% increase in the number of complaints investigated. Based on these estimates and on the current number of agents (24 FTE), Oversight assumes an additional 5 Agents (20% x 24) would be

ASSUMPTION (continued)

required, along with 2 Clerk IVs.

Oversight further assumes these additional employees would be located using existing space and this proposal would not result in additional rental space. Equipment and expenses for these 7 FTE would include office furniture, personal computers, office supplies, training, and travel expenses.

In addition to the state impact, DLS states that this proposal will have a local fiscal impact, as it allows cities and counties to charge and collect an additional \$300 fee per license. DLS estimates annual revenues to counties at \$699,000 (2,330 x \$300 fee). DLS further estimates that 70%, or 1,631 of establishments that will obtain Sunday licenses are located in cities, increasing revenue by \$489,300 (1,631 x \$300 fee) annually.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

GENERAL REVENUE FUND

Income

License fees	\$854,333	\$466,000	\$466,000
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Costs-Division of Liquor Control (DLS)

Personal Service (7 FTE)	(\$145,800)	(\$179,334)	(\$183,817)
Fringe Benefits	(\$42,400)	(\$52,152)	(\$53,456)
Expense and Equipment	(\$81,045)	(\$50,491)	(\$52,006)
Total Costs-DLS	(\$269,245)	(\$281,977)	(\$289,279)

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>\$585,088</u>	<u>\$184,023</u>	<u>\$176,721</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		

Income to Counties

License fees	\$582,500	\$699,000	\$699,000
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Income to Cities</u>			
License fees	\$407,750	\$489,300	\$489,300
ESTIMATED NET EFFECT ON LOCAL FUNDS	<u>\$990,250</u>	<u>\$1,188,300</u>	<u>\$1,188,300</u>

FISCAL IMPACT - Small Business

Small businesses who choose to purchase this type of license would be fiscally impacted, as they may generate additional income due to Sunday liquor sales.

DESCRIPTION

Under current law, package liquor licensees may sell intoxicating liquor in the original package at retail on Sundays with a \$200 state fee and city or county fee of up to \$300. This proposal expands the Sunday sales to include licensees who sell intoxicating liquor by the drink for consumption on the premises. The proposal also changes the 11:00 a.m. Sunday liquor sales starting time to 9:00 a.m.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space. The proposal would increase Total State Revenue.

SOURCES OF INFORMATION

Department of Public Safety
Division of Liquor Control
Department of Revenue



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Director
February 7, 2000