

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 1123-02  
BILL NO. HCS for HBs 340, 303 & 316  
SUBJECT: Alcohol; Business and Licenses  
TYPE: Original  
DATE: April 12, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$45,000	\$53,600	\$53,600
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$45,000</b>	<b>\$53,600</b>	<b>\$53,600</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$6,375</b>	<b>\$7,650</b>	<b>\$7,650</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 7 pages.

## FISCAL ANALYSIS

### ASSUMPTION

#### SUNDAY LIQUOR LICENSES;

Officials from the **Department of Public Safety - Division of Liquor Control (DLS)** states Section 311.102.1 is amended to remove the three hundred occupancy capacity requirement for a Sunday by the Drink license for establishments that qualify as a place of entertainment. DLS did not estimate a fiscal impact from this part of the Legislation

Officials from **St. Louis County** assume this part of the proposal would result in minimal revenues, costs and losses to their county.

**Oversight** assumes the fiscal impact to St. Louis City and Kansas City would also be unknown, but a minimal amount.

#### 3:00 A.M. LIQUOR LICENSES IN CERTAIN COUNTIES;

Officials from the **Division of Liquor Control (DLS)** state this bill also amends Section 311.178 to allow qualified licensed resorts in Camden, Miller and Morgan Counties to remain open each day of the week until 3:00 a.m. of the morning of the following day. The resort's previous annual gross sales must be \$100,000 or more. Applicants granted this permit must pay a \$300 fee.

DLS estimates that 12 establishments would seek a special permit as outlined in Section 311.178. The estimated increase in license fees would be approximately \$3,600 (12 x \$300) per year.

DLS further assumes that Section 311.220 allows cities to charge one and one-half the state liquor license fee amounts and counties to charge an amount equal to the state liquor license fee amount. DPS assumes that seventy-five percent of licensees that will obtain an extended hours license are located within a municipality. Therefore, the cities will collect additional revenue of \$4,050 ( $\$3,600 \times 1.5 \times 75\%$ ). The counties additional revenue collection will equal the state revenue increase of \$3,600.

In response to similar legislation from this year, officials from the **Department of Public Safety - Missouri Water Patrol (DWS)** stated this proposal would increase substantially the night time boating traffic on Lake of the Ozarks. It would logically result in an increase in accidents, violations and calls for service. Water Patrol shifts would have to extend to 24 hours a day with a greater night time presence. To extend shifts without additional officers would leave the day and evening shifts significantly understaffed.

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ASSUMPTION (continued)

The additional manpower to enforce the new law will necessitate a minimum of 7 additional officers in this district. The DWS assumes a need for an additional five (5) Water Patrol Officers (at \$37,068 annually), one (1) Water Patrol Corporal (at \$40,716 annually), one (1) Water Patrol Sergeant (at \$45,156 annually), one (1) dispatcher (at \$29,040 annually) and one (1) clerk typist (at \$20,472 annually) at current market rates as a result of this proposed legislation. The additional dispatcher is needed to handle the additional radio traffic, filing and entering citations and warnings and the one additional clerk typist is needed handle the paperwork that is generated by the 7 additional officers.

The DWS states that related Expense & Equipment including boats, trucks, trailers, computers, office equipment, technical equipment (radar guns, guns, uniforms, etc.) is necessary and is based on specific equipment to administer the impact of this bill. DWS estimates the total costs for the additional FTE would cost \$1,237,757 in FY 2002, \$689,626 in FY 2003 and \$700,583 in FY 2004.

**Oversight** assumes that the Water Patrol can request additional FTE and related Expense and Equipment in the normal budget process after studying the actual impact this proposal would have on the Lake of the Ozarks boat traffic. For purposes of this fiscal note, Oversight assumes that the Department of Public Safety - Missouri Water Patrol will not be fiscally impacted by the proposed legislation.

**IDENTIFICATION OF LIQUOR CONTROL OFFICERS; PROHIBITION OF LIQUOR CONTROL TO PROHIBIT OFF-DUTY LICENSEE OR EMPLOYEES FROM DRINKING IN THE ESTABLISHMENT;**

In response to similar legislation from this year, officials from the **Division of Liquor Control** assumed no revenue would be generated from this part of the legislation and that the costs could be absorbed with existing resources.

Officials from the **Department of Labor and Industrial Relations** assume the proposed legislation would have no impact on their agency.

**CIVIL PENALTIES OR FINES IN LIEU OF SUSPENSION OR REVOCATION:**

Officials from the **Office of State Courts Administrator** assume this proposed legislation

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ASSUMPTION (continued)

would have no fiscal impact on their agency.

In response to similar legislation from this year, officials from the **Office of Prosecution Services** and the **Office of State Public Defender** assume the proposed legislation would have no fiscal impact on their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Division of Liquor Control's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 18 new pages of regulations in the Code of State Regulations at a cost of \$27.00 per page, and 27 new pages in the Missouri Register at a cost of \$23.00 per page. Costs due to this proposal would be \$1,107, however, 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, rescinded, 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.

In response to similar legislation, officials from the **Division of Liquor Control (DLS)** assumed the proposed legislation allows the Supervisor of Liquor Control to assess a civil penalty or fine of not less than \$100 or more than \$5,000 against any solicitor licensed to sell in lieu of the suspension or revocation of a liquor license when in violation of any liquor laws. The DLS assumed this part of the proposal would not generate any state revenue and that the costs could be absorbed within existing resources.

The DLS stated that the civil penalties imposed pursuant to Section 311.680 are to be distributed to the school districts. DLS estimated the Supervisor will impose \$50,000 annually in civil penalties against licensees. FY 2002 is calculated for 10 months, or \$42,000.

**Oversight** assumes the fiscal impact to the local school districts would be a wash, with the increased collection of fines generated by the Supervisor of Liquor Control and the resulting reduction of the school foundation formula distribution from the state.

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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE</b>			
<u>Income</u>			
License fees - 3:00 A.M. in Camden, Morgan & Miller Counties	\$3,000	\$3,600	\$3,600
<u>Savings - Reduced Foundation Formula Distributions</u>			
	<u>\$42,000</u>	<u>\$50,000</u>	<u>\$50,000</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$45,000</u></b>	<b><u>\$53,600</u></b>	<b><u>\$53,600</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>CITIES AND COUNTIES</b>			
<u>Income to Cities</u>			
License fees 3:00 A.M. in Camden, Morgan & Miller Counties	\$3,375	\$4,050	\$4,050
<u>Income to Counties</u>			
License fees 3:00 A.M. in Camden, Morgan & Miller Counties	<u>\$3,000</u>	<u>\$3,600</u>	<u>\$3,600</u>
<b>ESTIMATED NET EFFECT TO CITIES AND COUNTIES</b>	<b><u>\$6,375</u></b>	<b><u>\$7,650</u></b>	<b><u>\$7,650</u></b>

<b>LOCAL SCHOOL DISTRICTS</b>			
<u>Income to Local School Districts</u>			
- Civil Penalties	\$42,000	\$50,000	\$50,000
<u>Loss to Local School Districts</u>			
- Reduced Foundation Formula Distributions	<u>(\$42,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Small Business</u>			

RAS:LR:OD:005 (9-94)

The proposal could impact solicitors, retailers, and wholesalers of alcoholic beverages.

#### DESCRIPTION

This substitute makes several changes to liquor control laws. The substitute:

(1) Deletes the occupancy requirement for places of entertainment licensed to sell liquor by the drink on Sundays in St. Louis City, Kansas City, St. Louis County, and Jackson County (Section 311.102, RSMo);

(2) Permits qualified licensed resorts in Camden, Miller, and Morgan counties to remain open each day of the week until 3:00 a.m. of the following day. The time of opening on Sunday may be 11:00 a.m. The resort's previous year annual gross sales must be \$100,000 or more. A resort is defined as any establishment having at least 20 rooms for transient guests, at least 3,000 square feet of meeting space, and a restaurant on the premises (Section 311.178);

(3) Allows a licensee to occupy a licensed premise and perform duties associated with the operation of the business during hours when the premise may not be legally open (Section 311.290);

(4) Requires an on-duty liquor control peace officer, unless working undercover, to immediately present identification to a liquor licensee or employee in charge upon entering a retail liquor establishment. The Division of Liquor Control is prohibited from establishing any rule prohibiting an on-duty licensee or employee of a licensee from drinking in the licensee's establishment as long as the person is not obviously impaired or from establishing any rule allowing a liquor control agent to drink in any establishment while on duty and not working undercover (Section 311.635 - 311.660); and

(5) Requires the Division of Liquor Control to provide copies of any written or otherwise recorded evidence related to violation by a license at least 15 days prior to any administrative proceedings (Section 311.805).

The substitute also creates new penalties for violations of liquor control laws (Section 311.680). The substitute allows the Supervisor of Liquor Control to assess in lieu of suspension or revocation of a liquor license:

#### DESCRIPTION (continued)

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- (1) A civil penalty of not less than \$100 or more than \$5,000 against any solicitor licensed to sell liquor when in violation of any liquor laws;
- (2) A civil penalty of not less than \$50 or more than \$1,000 against any retailer with less than 5,000 occupant capacity when in violation of any liquor laws; and
- (3) A civil penalty of not less than \$50 or more than \$5,000 against any retailer with 5,000 or more occupant capacity when in violation of any liquor laws.

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  
- Division of Liquor Control  
- Missouri Water Patrol  
Office of State Courts Administrator  
Office of Prosecution Services  
Office of State Public Defender  
Department of Labor and Industrial Relations  
St. Louis County



Jeanne Jarrett, CPA  
Director

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