

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0832-01  
Bill No.: HB 184  
Subject: Alcohol; Children and Minors; Public Health.  
Type: Original  
Date: March 29, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$96,675)	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$96,675)</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Fund for the Reduction of Alcohol - Related Problems and Underage Drinking*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\* This proposal is permissive. Voter approval would be required before fiscal impact would be realized. Offsetting revenues and expenditures.**

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

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

In response to a similar proposal from this year (HB 118) officials from the **Department of Health and Senior Services (DOHSS)** state that the direct fiscal impact cannot be determined because the legislation does not assign any program responsibility to DOHSS. Implementation of any new or enlarged program by the department would require staff and expenses, and most likely contractual/program dollars (program distributions).

Officials from the **Department of Mental Health (DMH)** state that no specific programs are stipulated to receive the revenue generated by this proposed legislation. Instead, the revenue deposited in the "Fund for the Reduction of Alcohol-Related Problems" would be subject to appropriation by the legislature. Because the legislation is not specific as to how much funding is to go to prevention and treatment of alcohol abuse programs within the DMH, we are unable to estimate the fiscal impact on the Department.

ASSUMPTION (continued)

Officials from the **Department of Transportation (DHT)** state that if approved by voters, this legislation would establish the "Fund for Reduction of Alcohol-Related Problems and Underage Drinking". Numerous programs that are currently funded with federal highway safety grant monies would be eligible to receive financial support from such a fund, therefore releasing some Highway Safety dollars to support other programs. There is the potential that moneys in this fund could be used to assist MoDOT's Office of Highway Safety for enforcement of intoxication-related traffic offenses, but any fiscal impact is uncertain. DHT assumes a \$0 to Unknown fiscal impact to the Highway Safety Fund.

Officials from the **Office of Administration - Administrative Hearing Commission** assume the proposal would not significantly alter its caseload and therefore be no fiscal impact.

Officials from the **Department of Revenue - Division of Taxation** assume these additional fees will be collected by the Department of Public Safety - Division of Alcohol and Tobacco Control and deposited through DOR-ICMO to the special fund. DOR states there should be no impact to its agency.

Officials from the **Office of Secretary of State (SOS)** assume statewide newspaper publication of state statutes cost approximately \$1,289 per column inch based on an estimate provided by the Missouri Press Service x 3 for multiple printing as required by the constitution and state statute, resulting in \$3,867 per column inch. SOS estimates the total number of inches for this amendment to be 25, which includes title header and certification paragraph. Therefore, SOS estimates the total cost of publication to be \$96,675 (\$3,867 x 25 inches) to be incurred in FY 2007.

Officials from the **Office of Administration - Budget and Planning (BAP)** state the bill, subject to voter approval, would increase the following excise taxes by these amounts:

Beer - 18 cents per gallon  
Liquor - \$2.00 per gallon  
Wine - 36 cents per gallon

The following assumptions apply:

1. Voter approval would occur in November 2005. The tax would likely be effective January 1, 2006, resulting in six months impact in FY 2006.

ASSUMPTION (continued)

2. Growth in collections will be consistent with the growth rates assumed in the consensus general revenue forecast for FY 2006. The rate for future years is 2.2% for beer, 2.3% for liquor.
3. There will be no decline in consumption of beer, wine, or liquor as a result of the tax increase.

	Revenue Impact (millions)		
	FY 2006	FY 2007	FY 2008
Beer	\$13.1	\$26.7	\$27.3
Liquor	\$8.3	\$16.9	\$17.3
Wine	\$1.4	\$2.9	\$3.0
Total	\$22.8	\$46.5	\$47.6

This proposal would have no impact on BAP and would not impact General Revenue or Total State Revenues.

In response to a similar proposal from this year (HB 118), officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** stated the bill will increase the excise taxes, however, pursuant to Section B of the act, the legislation is subject to approval or rejection of the qualified voters of Missouri. Therefore, the bill will not impact the revenue limit of Missouri.

ATC states the bill establishes the Fund for the Reduction of Alcohol-Related Problems. The fund will receive moneys through appropriation from increased fees for selling intoxicating liquor. Moneys in the fund must be used only for the study of and reduction of alcohol-related problems through statutory programs. The fund will be administered by the State Treasurer.

The fee for selling both 3.2% and 5% beer is increased from 6 cents per gallon to 24 cents per gallon. The fee for selling spiritous liquor is increased from \$2 per gallon to \$4 per gallon. The fee for selling wine is increased from 42 cents per gallon to 78 cents per gallon.

ASSUMPTION (continued)

ATC used the FY 2004 gallonage for alcoholic beverages to estimate the annual additional excise taxes as follows;

	FY 2004 gallonage		Additional Excise <u>Tax Rate</u>	=	Additional Annual <u>Excise Tax</u>
Spirits	7,896,030	x	\$2.00	=	\$15,792,060
Wine	9,293,777	x	\$0.36	=	\$ 3,345,760
Beer	138,851,716	x	\$0.18	=	<u>\$24,993,309</u>
			<b>TOTAL</b>		<b>\$44,131,129</b>

ATC assume six months of fiscal impact, \$22,065,565 (\$44,131,129 x 6 /12), in the first year if the proposal is approved by voters.

For purposes of the fiscal note, **Oversight** has reflected the increase in excise tax revenue based upon information provided by ATC. Oversight assumes the proposal would be passed by voters in November, 2006 and become effective January 1, 2007. Therefore, Oversight assumes six months of fiscal impact from the proposal in FY 2007, and the first full year of fiscal impact in FY 2008. Oversight assumes all of the additional revenue generated by this proposal would be spent by various state agencies as outlined in the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Publication costs for the Office of the Secretary of State	\$0	<u>(\$96,675)</u>	\$0
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<u>\$0</u>	<u>(\$96,675)</u>	<u>\$0</u>

**FUND FOR THE REDUCTION OF  
 ALCOHOL-RELATED PROBLEMS  
 AND UNDERAGE DRINKING**

<u>Income</u> - from additional excise tax on beer, liquor and wine	\$0	\$22,065,565	\$44,131,129
<u>Costs</u> - Various state agencies Program costs	\$0	(\$22,065,565)	(\$44,131,129)

<b>ESTIMATED NET EFFECT ON FUND FOR THE REDUCTION OF ALCOHOL-RELATED PROBLEMS AND UNDERAGE DRINKING *</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**\* This proposal is permissive. Voter approval would be required before fiscal impact would be realized.**

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses selling alcohol will see an increase in the tax on their products.

DESCRIPTION

This proposal creates the Fund for the Reduction of Alcohol-Related Problems and Underage Drinking to be administered by the State Treasurer. The fund will receive moneys through appropriation from increased fees for selling intoxicating liquor. Moneys in the fund must be used only for the study and reduction of alcohol-related problems through statutory programs.

The fee for selling both 3.2% and 5% beer is increased from six cents per gallon to 24 cents per gallon; spirituous liquor is increased from \$2 per gallon to \$4 per gallon; and wine is increased from 42 cents per gallon to 78 cents per gallon.

DESCRIPTION (continued)

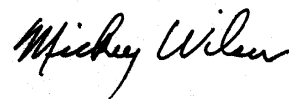
The proposal contains a referendum clause which must be submitted to Missouri voters in November 2006 or at a special election called by the Governor.

The provisions of the proposal will expire six years from the effective date.

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 Mental Health  
Department of Revenue  
Department of Health and Senior Services  
Department of Public Safety  
    Alcohol and Tobacco Control  
Department of Transportation  
Office of the Secretary of State  
Office of the State Treasurer  
Office of Administration  
    Budget and Planning



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