

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2000	FY 2001	FUTURE YEARS
Municipalities and Townships			
Revenues	Potential gain in Fund 066 permit revenue transfers	Potential gain in Fund 066 permit revenue transfers	Potential gain in Fund 066 permit revenue transfers
Expenditures	- 0 -	Potential negligible increase related to local option elections	Potential negligible increases in odd-numbered years related to local option elections

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Local governments could gain additional permit revenue as a result of the new permit types, depending on the number issued. The Division of Liquor Control transfers a portion of state liquor permit proceeds to local authorities for the liquor law enforcement.

Detailed Fiscal Analysis

It is illegal to give, sell or distribute tobacco or certain alcohol products to any person under the age of 21. Transaction scanning devices may be used by sellers when an individual is attempting to purchase tobacco, liquor, beer and low-alcohol products to support that these individuals are above the legal age required to purchase these goods.

An individual's driver license, commercial driver's license or identification card can be scanned by transaction scanning devices that makes readable the information encoded in a bar code or magnetic stripe. The goal is to confirm that the information picked up by the device matches the information printed on the document:

- Currently, the driver's license magnetic stripe is encoded with the following: name, address, license number, birth date, expiration date, issue date, sex, height, weight, hair color, eye color, endorsements, license type, restrictions and organ donor information. The digitized photo and social security number are excluded.
- The bar code is encoded solely with the driver's license number.

If inconsistencies are noted between the information printed on the driver license or identification card, the requested tobacco or liquor product the seller is prohibited from selling or distributing the product to the person presenting the license or card.

It was noted by the Department of Public Safety that the agency cannot guarantee the integrity of the data stored in the magnetic stripe or the bar code. The technology used to create and encode licenses and identification cards is available for purchase by the public and may be used to create fraudulent information.

ADMINISTRATIVE RULE REQUIREMENTS:

The Registrar of Motor Vehicles is responsible for adopting rules related to:

- (1) Information derived from a transaction scan may not be retained electronically or mechanically except: name/date of birth/expiration date/identification number.
- (2) Information shall not be scanned except for the stated purpose of confirming that the information on the face of the card and the encoded information are the same.
- (3) Scanned information may not be shared except in response to a court order or related to the claim of an affirmative defense.

The Registrar of Motor Vehicles, with the approval of the Liquor Control Commission, is responsible for adopting, amending or rescinding rules related to:

- (1) Recording and maintaining the following information: name and date of birth of card holder, the expiration date and identification number of the license or ID card.
- (2) Ensuring quality control in the use of the transaction scan devices.
- (3) Prohibiting unauthorized uses of the information captured by the transaction scans.
- (4) Prohibiting the sale of information captured by the transaction scans.

The Department of Public Safety estimates additional enforcement activities related to the scanning devices will be incorporated into current enforcement procedures. However, LBO estimates that if additional enforcement activities are warranted, additional staff may be required in the future.

PENALTY:

Whoever violates these provisions stated above may be subject to a court imposed \$1,000 civil penalty, which shall be deposited into the county treasury. At this time the potential revenue impacts associated with this are unknown.

AFFIRMATIVE DEFENSE:

An Affirmative Defense is created and may be raised to substantiate why a permit holder or an agent or employee of a permit holder may not be found guilty of violating a provision of this bill. To do this, all of the following must occur:

- A person must have presented a driver license or ID card.
- A transaction scan must have indicated that the license or ID card was valid.
- The sale or distribution was made based upon the information presented by the transaction scan.

In any criminal action in which an Affirmative Defense is raised, the Registrar of Motor Vehicles or a deputy registrar may be required to provide information related to an identification card and may submit certified copies of records in lieu of sending staff to testify.

NEW LIQUOR PERMIT TYPES CREATED:

The bill requires the Department of Commerce’s Division of Liquor Control to issue two new license types. These licenses may increase permit revenue that accrues to the Undivided Liquor Permit Fees Fund (Fund 066). Any increase in fee revenue would be slight, as the permits apply only to a limited number of establishments already permitted under other liquor license types.

The bill creates two new liquor permits. The D-6 permit is an “add-on” permit type, for which hotel restaurants and sports stadiums are eligible. These establishments may apply for these permits only if they have been issued any of licenses within the A, C, and D permit classes. The fee is either \$150 or \$250, depending on the existing license type the holder possesses.

The new F-3 permit is a temporary license that would be issued to conventions or trade shows sponsored by organizations that promote the beer, wine, and mixed beverage industries. The permit expires after fifty days, and the license fee is \$150.

In either instance, the Division of Liquor Control would incur only slight administrative expenses in preparing and reviewing permit application materials. Note that a portion of the liquor permit revenues are transferred to other funds, including the General Revenue Fund and the Statewide Treatment and Prevention Fund maintained by the Department of Alcohol and Drug Addiction Services. Both these funds could gain revenue if the D-6 and F-3 permits generate additional permit revenue.

Local law enforcement authorities that receive a portion of state liquor license revenues may also benefit from increased license revenue.

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