

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 28** HLS 161ES 67
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 8, 2016 6:13 PM	Author: COX
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Reduces vendor discounts on alcohol and beer	

TAX/ALCOHOLIC BEVERAGE EN +\$375,000 GF RV See Note Page 1 of 1
 Reduces the amount of the discount for accurately reporting and remitting excise taxes on alcoholic beverages and beer (Item #23)

Current law allows a discount of 3 1/3% of timely filing and payment of the state excise tax on high alcohol beverages (wine and liquor) and 2% of timely remittances of the state excise tax on low alcohol beverages (beer and malt liquor). Local excise tax remittances on low alcohol beverages are also allowed a 2% discount for timely remittance. The first handler remits the tax and receives the discount.

Proposed law reduces the discount rates by 25% from 3 1/3% to 2 1/2% for high alcohol content (wine and liquor) and from 2% to 1 1/2% for low alcohol content (beer and malt liquor). Local discounts remain unchanged. Effective April 1, 2016.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$1,875,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$1,875,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department indicates that any implementation costs will be absorbed in the current budget. Though the cost of this bill is minimal, the aggregate impact of all session bills may require additional resources. Some implementation issues are expected if the bill is signed and rate changes are made effective in the middle of a month.

REVENUE EXPLANATION

According to the Department of Revenue, discounts for beer and alcohol totaled \$1.5M in FY15, with \$800,000 from alcohol sales and \$700,000 from beer sales. If the rates are set at these amounts and sales remain stable, the state would retain roughly \$375,000 annually due to the reduced discounts.

With the bill effective on April 1, 2016, the state would retain roughly one-fourth of the annual amount or \$94,000 during FY 16.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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