

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 13** HLS 161ES 90
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: February 16, 2016 5:20 PM | Author: COX |
| Dept./Agy.: Revenue | |
| Subject: Reduces vendor discounts on alcohol and beer | Analyst: Deborah Vivien |

TAX/ALCOHOLIC BEVERAGE OR +\$1,500,000 GF RV See Note Page 1 of 1
 Repeals the discount for accurately and timely remitting state 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 repeals current law which eliminates the state discount rates for high alcohol content (wine and liquor) and low alcohol content (beer and malt liquor). Local discounts remain unchanged. The bill is effective March 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. | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$7,500,000 |
| 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 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$7,500,000 |

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 discounts are eliminated and sales remain stable, the state would retain roughly \$1.5M annually.

If the bill is signed by the governor such that it's changes are effective on March 1, 2016, the state would retain roughly 4/12 of the annual amount or \$250,000 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}

Gregory V. Albrecht
Chief Economist