

Fiscal Estimate Narratives

DOR 3/28/2023

LRB Number	23-2208/1	Introduction Number	AB-0127	Estimate Type	Original
Description the face-to-face requirement for retail sales of alcohol beverages and remote orders for the sale of alcohol beverages to be delivered or picked up on retail licensed premises					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows most alcohol beverage retailers to make online or telephone sales of alcohol beverages to be picked up by the customer at parking spaces that are part of the retail licensed premises or to be delivered by the retailer or a delivery service. The bill also prohibits municipalities from imposing ordinances that place additional restrictions on these sales for pickup and creates an alcohol delivery permit issued by the Department of Revenue.

The bill creates an alcohol delivery permit issued by DOR to retailers, delivery services under common ownership with retailers, and third-party delivery services. The permit authorizes the permittee to deliver alcohol beverages in connection with remote delivery orders. A permit is valid for one year and has an annual fee of \$150 for a retailer and \$300 for a third-party delivery service or delivery service under common ownership with a retailer.

The department estimates that there would be minimal impact on state excise tax collections. The bill does not change the tax rate and there would not be a substantial impact on the overall level of taxable production or shipments of alcohol into the state. The bill, however, will result to an indeterminate increase in delivery permit fee revenues.

For illustrative purposes, there are currently 17,429 alcoholic beverage retailers and 1061 local messengers/delivery service providers (NAICS code 492210) in Wisconsin. Assuming all licensed retailers are issued delivery permits and all local messengers/delivery service providers are issued with third-party delivery service permits, fee revenue is estimated to be about \$2,932,500 ($17,429 \times 150 + 1061 \times 300$). The number of permits may be lower depending on the number of businesses that obtain and renew the permit.

ADMINISTRATIVE COSTS

The department estimates one-time administrative costs of \$364,990 for updating the state's tax processing system and process new applications and forms.

Administration of the new law would require additional staffing (one Excise Tax Agent and two Revenue Agents) in the department. Ongoing administrative expenses for staff and related supplies, services, equipment, and office space for IS&E is estimated to be \$329,500.

The cost cannot be absorbed within existing resources.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description the face-to-face requirement for retail sales of alcohol beverages and remote orders for the sale of alcohol beverages to be delivered or picked up on retail licensed premises		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$364,990	\$
(FTE Position Changes)	(3.0 FTE)	
State Operations - Other Costs	329,500	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$694,490	\$
B. State Costs by Source of Funds		
GPR	694,490	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$2,900,000	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$2,900,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$694,490	\$
NET CHANGE IN REVENUE	\$2,900,000	\$
Agency/Prepared By	Authorized Signature	Date
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