

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1304-01
Bill No.: HB 357
Subject: Alcohol, Appropriations, Law Enforcement Officers and Agencies, Revenue Dept.
Type: Original
Date: April 30, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Reduction of Alcohol-Related Problems Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

This proposal could create the “Fund for the Reduction of Alcohol Related Problems”. Monies for this fund could be derived from an increase in the excise tax for alcohol.

Officials with the **Department of Revenue, State Treasurer’s Office, Department of Health and Senior Services, Department of Elementary and Secondary Education** and the **Office of State Courts Administrator** assume this proposal would have no fiscal impact on their agencies.

Officials with the **Department of Mental Health (DMH)** assume their agency could be eligible for a portion of these funds, however that impact is unknown.

Officials with the **Department of Transportation** assume this legislation could increase funding for the Division of Highway Safety, however, any future funding increases for programs would be determined by the legislature.

ASSUMPTION (continued)

Officials with the **Department of Public Safety- Division of Liquor Control** assume the fee for selling both 3.2% and 5% beer would be increased from 6 cents per gallon to 24 cents per gallon. The fee for selling spiritous liquor would be increased from \$2 per gallon to \$4 per gallon. The fee for selling wine would be increased from 42 cents per gallon to 78 cents per gallon. The figures for FY02 excise taxes collected were used for the following revenue estimates. DPS further assumes the cost of collecting these additional revenues could be absorbed.

FY 04 Income (ten months)

Spirits (6,362,946 gallons*\$2 additional rate)	\$12,725,892
Wine (7,076,072 gallons*\$.36 additional rate)	\$2,547,386
Beer (114,276,028 gallons*\$.18 additional rate)	<u>\$20,569,685</u>
Total	\$35,842,963

FY 05 and 06 Income

Spirits (7,635,536 gallons*\$2 additional rate)	\$15,271,072
Wine (8,491,287 gallons*\$.36 additional rate)	\$3,056,863
Beer (137,131,234 gallons*\$.18 additional rate)	<u>\$24,683,622</u>
Total	\$43,011,557

Oversight assumes these funds would be offset by appropriations to various alcohol related programs. For fiscal note purposes, **Oversight** assumes the fund would be completely appropriated annually and these appropriations would begin in FY 04.

This proposal could increase state revenue through an increase in fees for the sale of alcohol.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
REDUCTION OF ALCOHOL-RELATED PROBLEMS FUND			
<u>Income</u>			
Increase in alcohol excise tax	\$35,842,963	\$43,011,557	\$43,011,557
<u>Appropriations</u>			
Various alcohol related programs	<u>(\$35,842,963)</u>	<u>(\$43,011,557)</u>	<u>(\$43,011,557)</u>
ESTIMATED EFFECT ON REDUCTION OF ALCOHOL-RELATED PROBLEMS FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business involved in buying alcohol products and paying excise tax could have a negative fiscal impact through an increase in the tax.

DESCRIPTION

This proposal could create the "Fund for the Reduction of Alcohol Related Problems". Monies for this fund could be derived from an increase in the excise tax for alcohol.

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 Revenue
Department of Transportation
State Treasurer's Office
Department of Public Safety
Department of Secondary and Elementary Education
Office of State Courts Administrator
Department of Health and Senior Services
Department of Mental Health



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