

HOUSE RESEARCH

Bill Summary

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Overview

This bill imposes an alcohol health impact fee on alcoholic beverages. This fee is imposed on the same base as the excise tax on alcoholic beverages, at varying rates. (The fee rates range from just over a doubling to slightly less than a tripling of the excise tax rates, depending upon the type of beverage.) In addition, the gross receipts tax on alcoholic beverages is doubled. All of the revenues from the fee and increased taxes are deposited in an alcohol health impact fund. Upon certification of state budget costs related to alcohol and controlled substance abuse, this money is released to the general fund.

Section

- 1 Alcohol health impact fund.** Establishes an alcohol health impact fund to receive the revenues from the alcohol health impact fee and the gross receipts tax increase proposed by the bill. By April 30th of each fiscal year, the commissioners of public safety, corrections, and human services are to certify to the commissioner of finance the state budget costs of alcohol and controlled substance abuse. The section enumerates many of the categories of costs, including enforcing the DWI laws, community policing grants, grants to prevent domestic violence, cost of incarcerating offenders, state funded chemical dependency treatment programs, and so forth. Each year the commissioner of finance will transfer the amount of the estimated annual state budget costs to the general fund from the alcohol health impact fund. Note: this procedure parallels that used for the health impact fund for

Section

tobacco related costs and the fee on cigarettes and tobacco products.

- 2 **Gross receipts tax rate.** Doubles the special gross receipts tax rate on retail sales of alcoholic beverages from 2.5 percent to 5 percent. The base of this tax is the retail sales prices of both on and off-sale of alcoholic beverages.
- 3 **Deposit of gross receipts revenues.** Provides that one-half of the revenues from the gross receipts tax will be deposited in the alcoholic health impact fund created under section 0.
- 4 **Brewers' tax credit.** Increases the brewers' credit from \$4.60 to \$11.21 per barrel and provides that it is allowed against the alcohol health impact fee, as well as the excise tax. This credit applies to the first 25,000 barrels produced by a qualified brewery, defined as a brewery that manufactured less than 100,000 barrels in the previous calendar year.
- 5 **Conforming change.** Modifies the deposit provisions for the alcoholic beverage excise tax to be consistent with the provisions of section 0 that provides for deposit of the alcohol impact fee in the alcohol health impact fund.
- 6 **Alcohol health impact fee.** Imposes an alcohol health impact fee on products that are subject to the excise tax on alcoholic beverages. The fee is imposed at the rates shown in the table below; the excise tax rates are included for comparison.

Beverage type	Proposed fee	Excise tax (present law)
Distilled spirits	\$3.40/liter	\$1.33/liter
Wine ≤ 14% alcohol	\$.14/liter	\$.08/liter
Wine > 14% and ≤ 21%	\$.14/liter	\$.25/liter
Wine > 21% and ≤ 24%	\$.14/liter	\$.48/liter
Wine > 24%	\$.14/liter	\$.93/liter
Sparkling wine	\$.14/liter	\$.48/liter
Cider	\$.14/liter	\$.04/liter
Beer ≤ 3.2% alcohol	\$6.61/barrel (31-gallon)	\$2.40/barrel
Beer > 3.2% alcohol	\$6.61/barrel	\$4.60/barrel
Low alcohol dairy cocktail	No fee	\$.02/liter

The revenue from the fee is deposited in an alcohol health impact fund.