

FISCAL NOTE

Bill #: SB0048

Title: Prohibit out-of-state direct shipment of alcoholic beverages to Montanans

Primary

Sponsor: Mike Sprague

Status: Conference Committee Report Adopted

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

FY Summary

	FY2002	FY2003
	<u>Difference</u>	<u>Difference</u>
Expenditures:	0	0
Revenue:		
General Fund	\$3,034	\$1,636
State Special Revenue (DPHHS)	\$21	\$84
Cities and Towns	\$15	\$60
Counties	\$3	\$11
Net Impact on General Fund Balance:	\$3,034	\$1,636

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

FY Analysis

ASSUMPTIONS:

1. This bill creates a beer, a wine, and a beer and wine connoisseur's license, all which enable a person to receive direct shipments of beer or wine from an out-of-state brewery or winery for the person's own consumption and not for resale. A registration fee in the amount of \$50 and an annual renewal fee of \$25 must accompany the application for a beer or wine connoisseur's license. A registration fee in the amount of \$100 and an annual renewal fee of \$50 must accompany the application for a beer and wine

connoisseur's license. A licensee shall pay all applicable excise taxes, as provided for in Title 16, Chapter 1, Part 4, imposed on the receipt of beer or wine during the previous six months.

2. Under this proposal, revenue going to the state general fund from the beer or wine connoisseur's licenses is \$1,000 in FY 2002 and \$500 in FY 2003. This is based on the assumption that there will be 20 original beer or wine connoisseur's licenses purchased in FY 2002 and 20 renewed licenses in FY 2003. Revenue going to the state general fund from the beer and wine connoisseur's license is \$2,000 in FY 2002 and \$1,000 in FY 2003. This is based on the assumption that there will be 20 original beer and wine connoisseur's licenses purchased in FY 2002 and 20 renewed licenses in FY 2003.
3. Under this proposal, taxes collected from the beer tax will increase \$19 in FY 2002 and \$75 in FY 2003. Taxes collected from the wine tax will increase \$54 in FY 2002 and \$216 in FY 2003. Sections 7 through 11 of this bill are effective October 1, 2001; hence, connoisseur's can legally purchase beer and wine from out-of-state in FY 2002 only for three months. This is why FY 2002 impacts are less than FY 2003 impacts. Table 1 shows beer and wine tax impact calculations under SB48 for FY 2002 and FY 2003.

Table 1 SB48 Beer and Wine Tax Calculations FY2002 and FY2003								
Description	-----FY2002-----				-----FY2003-----			
	----Beer or Wine----		----Beer and Wine----		----Beer or Wine----		----Beer and Wine----	
	Beer	Wine	Beer	Wine	Beer	Wine	Beer	Wine
Licensed Connoisseur's	10	10	10	10	10	10	10	10
Multiplied by Barrels or Liters per Connoisseur	0.22	10	0.22	10	0.87	40	0.87	40
Tax Base	2.18	100	2.18	100	8.71	400	8.71	400
Multiplied by Tax Rate	\$ 4.30	\$ 0.27	\$ 4.30	\$ 0.27	\$ 4.30	\$ 0.27	\$ 4.30	\$ 0.27
Tax Collected	\$ 9.36	\$ 27.00	\$ 9.36	\$ 27.00	\$ 37.45	\$ 108.00	\$ 37.45	\$ 108.00

4. Table 2 shows the distribution of the new tax collected under SB48 to the proper accounts/funds.

Table 2 SB48 Distribution Calculations FY2002 and FY2003		
Beer Tax		
	FY2002	FY2003
Tax Collected under SB48	\$ 18.73	\$ 74.90
Distribution		
Cities and Towns (65.12%)	\$ 12.19	\$ 48.78
DPHHS (23.25%)	\$ 4.35	\$ 17.42
State General Fund (11.63%)	\$ 2.18	\$ 8.71
Wine Tax		
	FY2002	FY2003
Tax Collected under SB48	\$ 54.00	\$ 216.00
Distribution		
State General Fund(59%)	\$ 31.86	\$ 127.44
DPHHS (31%)	\$ 16.74	\$ 66.96
Cities and Towns (5%)	\$ 2.70	\$ 10.80
Counties (5%)	\$ 2.70	\$ 10.80

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)	\$3,034	\$1,636
State Special Revenue (DPHHS) (02)	\$21	\$84
Cities and Towns (03)	\$15	\$60
Counties (04)	\$3	\$11
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$3,034	\$1,636
State Special Revenue (DPHHS) (02)	\$21	\$84
Cities and Towns (03)	\$15	\$60
Counties (04)	\$3	\$11