



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 163** HLS 02- 311
 Bill Text Version: **ORIGINAL**
 Opp Chamb Action:
 Sub Bill For:
 Proposed Amd: **w/ PROP HSE COMM AMD**

Date: May 28, 2002 2:20 PM	Author: BROOME
Dept/Agy: Revenue	
Subject: Alcoholic Beverage Tax Increase	Analyst: Julie A. Samson

TAX/ALCOHOLIC BEVERAGE OR +\$91,400,000 SD RV See Note Page 1 of 1

Levies an additional alcoholic beverage tax and dedicates the proceeds therefrom to certain purposes

Proposed legislation will levy an additional tax on alcoholic beverages at the following rates: liquors 32¢ per liter, sparkling wine 35¢ per liter, still wines with low alcohol content 35¢ per liter, still wines with high alcohol content 35¢ per liter, malt / low alcohol beverages \$17 per barrel and native wines 13¢ per liter.

Proposed legislation creates the LA Addictive Disorders Fund, the fund is to receive 100% of the new tax being imposed by this legislation

Effective July 1, 2002.

EXPENDITURES	2002-03	2003-04	2004-05	2005-06	2006-07	5 YEAR TOTAL
State General Fd.	\$5,000	\$0	\$0	\$0	\$0	\$5,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./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	\$5,000	\$0	\$0	\$0	\$0	\$5,000

REVENUES	2002-03	2003-04	2004-05	2005-06	2006-07	5 YEAR TOTAL
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./Other	\$91,400,000	\$91,400,000	\$91,400,000	\$91,400,000	\$91,400,000	\$457,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$91,400,000	\$91,400,000	\$91,400,000	\$91,400,000	\$91,400,000	\$457,000,000

EXPENDITURE EXPLANATION:

The Department of Revenue estimates that approximately \$5,000 in one-time operating expenses will be necessary for form revisions, notification of affected parties, and other administrative costs for the implementation of this bill.

REVENUE EXPLANATION:

An estimated \$109 million in additional revenue could be generated in FY'03 as a result of this measure.

According to the Department of Revenue, based on collection information for FY'01, 22,986,657 liters of liquor, 1,352,387 liters of sparkling wine, 20,555,648 liters of wine-low, 1,687,635 liters of still wine-high, 66,664 liters of native wines, and 3,709,690 barrels of malt beverages and other low alcohol content beverages were sold.

By adding a tax of 32¢ per liter to liquor it is estimated to generate a maximum of \$30.3 million, by adding a tax of .35¢ per liter to sparkling wine it is estimated to generate a maximum of \$473,335 by adding a tax of 35¢ per liter to wine - low it is estimated to generate a maximum of \$7.2 million, by adding a tax of 35¢ per liter to still wine - high it is estimated to generate a maximum of \$590,672, by adding a tax of 13¢ to native wines it is estimated to generate a maximum of \$8,666 and by adding a tax of \$17 per barrel to low alcohol beverages it is estimated to generate a maximum of \$63 million. Total maximum revenue could be \$101.5 million per year. Tax increases that increase retail prices may reduce consumption of these particular products. The possibility of that occurring from the substantial tax increases proposed by this bill was recognized by reducing the maximum calculations by 10%. Additional revenue for subsequent years is assumed to remain flat. It is assumed that inventory on hand would be subject to these tax increases. Thus, this estimate is for a full twelve months in the first fiscal year.

The Louisiana Addictive Disorders Fund, being established by this legislation, would receive 100% of all new excise taxes being proposed by this legislation. This results in an increase of statutory dedicated revenue equal to 100% of the additional tax being proposed by this legislation.

Senate Dual Referral Rules
 13.5.1 >= \$500,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$500,000 Annual Fiscal Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease per year

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