To: Janet Ancel, Chair
House Committee on Ways & Means
From: Mark Perrault, JFO
Date: April 21, 2016
Subject: S.250 – Relating to Alcoholic Beverages

Although S.250 includes provisions that affect both Department of Liquor Control (DLQ) fees and general fund revenues, the estimated fiscal impact of these provisions in FY2017 is small.

Section 3 creates two new DLC fees:

(1) A retail delivery permit of $100. The DLC does not expect this new permit to raise significant revenue.

(2) A destination resort master license of $1,000. The DLC estimates that this new license will be revenue neutral because it will allow qualifying resorts to cater individual events within the boundaries of the resort without obtaining a permit for each individual event.

Other established DLC fees specified in section 3 (manufacturer's or rectifier's license and fourth class licenses) are also set in the H.872.

Section 9 permits a manufacturer or rectifier of spirits or fortified wines that has $1,000 or less of tax liability in the preceding year to pay that tax to DLC in annual, rather than quarterly, installments. This provision does not have a significant fiscal impact; however, it may be more difficult to collect delinquent payments

Section 2 clarifies that certain samples of alcoholic beverages provided for immediate consumption are subject to the meals and rooms tax. This means that no tax when be collected when a business provides free samples. According to the tax department this provision has no fiscal impact.

Section 8 changes the filing frequency for the malt and vinous beverage tax, which is collected by the department of taxes. Under this section, if tax liability in the preceding calendar year is $2,000 or less, the payment of the tax would be payable in quarterly, rather than monthly, installments. There is a small one-time general fund revenue impact by having this tax paid less frequently since less revenue would be remitted in FY2017 from the new quarterly filers.