

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1375

Bill Subtitle: TO ALLOW LOCAL GOVERNMENTS TO LEVY TAXES ON ALCOHOLIC BEVERAGES.

Basic Change : Sponsor: Representative J Mayberry

The bill allows county governments to levy excise taxes on alcoholic beverages containing 0.5% or more of alcohol by volume. The tax may be used to fund public health and safety measures including improvements or renovations to a county jail, sheriff's department, or hospital including staffing needs for those facilities. Only counties without a countywide sales and use tax may adopt an ordinance levying the tax. Currently, only Monroe and Saline Counties do not levy a county-wide sales and use tax. The tax may be levied in increments of one-eighth of one percent in any combination for one or more of the public safety measures. No maximum tax levy is established in the proposal.

Within 30 days of the adoption of the ordinance levying the tax, the quorum court shall by ordinance call for a special election to allow local residents to vote on the local tax levy. The proposal contains language for the quorum court to follow to hold the election including language for the ballot title. Once the election results are certified, a 30 day challenge period is provided. If there are no challenges, the tax would become effective on the first day of the calendar quarter after the expiration of the challenge period.

The proposal also contains procedures for abolishing the tax either by a roll call vote of 2/3 of the members of the quorum court or by an election. The county collector is responsible for collection of the tax and is provided a commission of 2% of the total amount collected. DFA has no responsibility regarding the collection or administration of this tax.

Revenue Impact :

No Impact on State Revenues

Taxpayer Impact :

Taxpayers selling alcoholic beverages would be required to report the excise tax to the county.

Resources Required :

None

Time Required :

None

Procedural Changes :

None

Other Comments :

The proposal does not specify if the excise tax is to be levied on the retail sale of alcoholic beverages to consumers or on the wholesale sale of alcoholic beverages to retailers. As drafted, the tax could be levied on both wholesale and retail sales. Also, the proposal does not specify if the tax is to be levied on alcoholic beverages sold for off premise consumption, on premises consumption, or both. The bill should be amended to resolve these questions.

Legal Analysis :

The bill does not clearly levy the tax on the sale of alcoholic beverages and is unclear regarding the event that gives rise to the tax. Also, the bill does not address whether the tax is due for on-premises or off-premises consumption.