

Department of Finance and Administration

Legislative Impact Statement

Bill: SB1140

Bill Subtitle: TO USE REVENUE FROM A WINE EXCISE TAX TO PROMOTE RESEARCH CONCERNING THE PRODUCTION OF ARKANSAS WINE AND ARKANSAS WINE GRAPES; AND TO PROMOTE AGRITOURISM.

Basic Change :

Senator Holland

The proposal makes changes to the disposition of wine excise taxes collected under Ark. Code Ann. § 3-7-104(4) which levies a tax at the rate of seventy-five cents (75¢) on each gallon of wine sold or offered for sale in Arkansas, except those wines fermented and manufactured within the State of Arkansas. Wine excise taxes, penalties, and costs collected during FY2013 continue to be General Revenues. For wine excise taxes collected during FY2014 and thereafter, after depositing the amount of revenue to state General Revenues equaling the amount of tax collected in fiscal year 2012 (\$2,459,211.00), any amount collected exceeding the FY2012 threshold shall be deposited as special revenue to the Arkansas Wine Producers Council. The Arkansas Wine Producers Council shall use the revenue to promote research concerning the production of wine and wine grapes, the manufacture and marketing of Arkansas wine, the wine industry and agritourism in Arkansas through the Department of Parks and Tourism.

Revenue Impact :

FY2014

\$200,000 Loss to State General Revenues

FY2015

\$300,000 Loss to State General Revenues

[Impact reflects estimated amount of transfer for FY2015 if bill is amended to clarify that the annual transfer will only be the amount of tax revenue that exceeds the FY2012 threshold of \$2,459,211.]

Taxpayer Impact :

None

Resources Required :

None

Time Required :

Adequate time is provided for implementation

Procedural Changes :

None

Other Comments :

The "June 30" date should be removed from Page 2, Line 8 and replaced with "July 1". The separate dispositions to special and general revenue will be made on a fiscal year basis and June 30th resides in the prior fiscal year.

The bill requires that all taxes after June 30, 2013, that exceed the collections for FY2012, shall be deposited as special revenues. The bill doesn't define whether this is an annual disposition of funds or if all future revenues collected after June 30, 2013 in excess of FY2012 collections shall be deposited

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as special revenues to the credit of the Arkansas Wine Producers Council Fund. The bill requires amendment to make it clear that the threshold established is an annual threshold and the funds transfer will only effect tax collections each year that exceed the FY2012 amount.

Legal Analysis :

Under current law, the \$0.75 gallon tax on non-native wine is deposited as general revenue. This bill provides that up through June 30, 2013, the \$0.75 gallon tax on wine, and any associated penalties and costs, will continue to be deposited as general revenue. After June 30, 2013, once an amount of tax, penalties and costs equal to that collected in fiscal year 2012 has been deposited as general revenue, any amount in excess will be deposited as special revenues and credited to the Arkansas Wine Producers Council Fund. After June 30, 2012, the tax collected for fiscal year 2012 will always be the gauge by which to determine the amount that remains general revenue. All amounts exceeding that will be special revenue for the benefit of the Arkansas Wine Producers Council Fund.