

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-1930/1	Introduction Number AB-0474	
Description Increasing the tax on fermented malt beverages to fund law enforcement grants and alcohol and drug abuse treatment and prevention programs, granting rule-making authority, and making appropriations		
Fiscal Effect		
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS s. 20.435(7)(b) and (7)(gm)		
Agency/Prepared By DHFS/ Elaine Velez (608) 266-9363	Authorized Signature Andy Forsaith (608) 266-7684	Date 9/12/2007

Fiscal Estimate Narratives
DHFS 9/12/2007

LRB Number 07-1930/1	Introduction Number AB-0474	Estimate Type Original
Description Increasing the tax on fermented malt beverages to fund law enforcement grants and alcohol and drug abuse treatment and prevention programs, granting rule-making authority, and making appropriations		

Assumptions Used in Arriving at Fiscal Estimate

This bill increases the tax rate for the tax on fermented malt beverages from \$2 per barrel to \$10 per barrel. Two dollars per barrel of this tax increase will go to the Office of Justice Assistance (OJA) in the Department of Administration (DOA) to provide grants to counties and municipalities to reduce crimes related to alcohol, \$4 per barrel of the tax increase will go to the Department of Health and Family Services (DHFS) for community aids related to alcohol and drug abuse treatment services, and the final \$2 per barrel tax increase will be used by DHFS for grants for substance abuse treatment and prevention programs.

It is estimated that \$28.2 million in additional tax revenue will be made available to DHFS under this bill: \$18.8 million of new revenue is appropriated to s. 20.435(7)(b) which currently provides funds for Community Aids payments to counties for human and social services programs. An additional \$9.4 million is to be appropriated in the newly created s. 20.435(7)(gm) to provide funds for substance abuse and prevention grants to counties, tribal nations, municipalities, school districts, nonprofit organizations, and cooperative educational service agencies.

DHFS would need an additional 4.00 FTE to administer both the new grant program and the additional funds being distributed through Community Aids. FTE include 2.00 Human Services Program Coordinators, Sr. to implement, monitor, and administer the grant program, one for Prevention grants and the second for Treatment grants. The Department also requires 1.00 Contract Specialist to process the estimated 144 new contracts for Treatment and Prevention grants and 1.00 Program Planning Analyst-Adv to write the administrative rules required by this bill, develop the grant applications, create selection criteria, review plans, and assist in the evaluation of program outcomes. This position will also write the request for proposal (RFP) to determine an appropriate evaluator.

Costs associated with these additional 4.00 FTE are estimated to be \$863,000 GPR annually including salary and fringe (\$240,100), supplies and services (\$110,400), regional and county training (\$220,000), travel (\$6,100), program evaluation (\$279,800), and indirect costs (\$6,600).

Please see the attached technical memo relating to the creation of the new appropriation.

Local government entities who successfully compete for grant funds would have additional revenue in addition to administrative costs to administer the grant funds. DHFS cannot estimate this fiscal impact.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$240,100		\$
(FTE Position Changes)	(4.0 FTE)		
State Operations - Other Costs	622,900		
Local Assistance	28,200,000		
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$29,063,000		\$
B. State Costs by Source of Funds			
GPR	29,063,000		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$29,063,000		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$29,063,000		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$29,063,000		\$
NET CHANGE IN REVENUE	\$29,063,000		\$
Agency/Prepared By		Authorized Signature	Date
DHFS/ Elaine Velez (608) 266-9363		Andy Forsaith (608) 266-7684	9/12/2007