



**Fiscal Estimate Narratives**  
**DOR 7/1/2005**

LRB Number <b>05-2351/1</b>	Introduction Number <b>AB-455</b>	Estimate Type <b>Original</b>
<b>Subject</b> Increasing the tax on malt beverages to fund alcohol treatment programs		

**Assumptions Used in Arriving at Fiscal Estimate**

Under this bill the tax rate for the tax on malt beverages is increased from \$2 per barrel to \$3 per barrel. In addition, an amount of the taxes collected on malt beverages equal to 25 cents per barrel will be used for alcohol and drug abuse initiatives and an amount of the taxes equal to 75 cents per barrel will be used for community aids related to alcohol abuse services.

The increase in the tax rate is expected to raise the malt beverages tax revenues by \$4.8 million annually. This projection is based on the assumption that demand for malt beverages is price inelastic, such that there will be no change in the consumption of malt beverages as a result of the increase in price. Out of the \$4.8 million annual increase, \$1.2 million will be allocated to alcohol and drug abuse initiatives and \$3.6 million will be allocated to community aids related to alcohol abuse services.

The department estimates one time costs under s.20.566(1) (a) of \$3,000 for form changes, correspondence, printing and mailing and one time costs under s.20.566(3) (a) of \$10,800 for changes to database. These costs will be absorbed by the department.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number 05-2351/1</b>		<b>Introduction Number AB-455</b>	
<b>Subject</b>			
Increasing the tax on malt beverages to fund alcohol treatment programs			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
The department estimates one time costs under s.20.566(1) (a) of \$3,000 for form changes, correspondence, printing and mailing and one time costs under s.20.566(3) (a) of \$10,800 for changes to database. These costs will be absorbed by the department.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	4,800,000		
<b>TOTAL State Costs by Category</b>	<b>\$4,800,000</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	3,600,000		
FED			
PRO/PRS	1,200,000		
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$3,600,000		\$
GPR Earned			
FED			
PRO/PRS (20.435(6)(gb))	1,200,000		
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$4,800,000</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$4,800,000		\$
NET CHANGE IN REVENUE	\$4,800,000		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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