2009 DRAFTING REQUEST

Assembly Amendment (AA-AB287)

Received: 07/20/2009					Received By: jkreye			
Wanted: As time permits					Identical to LRB:			
For: Terese Berceau (608) 266-3784					By/Representing: brian			
This file may be shown to any legislator: NO					Drafter: jkreye			
May Contact:					Addl. Drafters:			
Subject: Tax, Other - alcohol and tobacco					Extra Copies:			
Submit vi	a email: YES							
Requester's email: Rep.Berceau@legis.wisconsin.gov								
Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov								
Pre Topi	c:							
No specific pre topic given								
Topic:								
DOR tech	nnical concern	s; effective date	:					
Instructi	ons:							
See attach	ned							
Drafting	History:							
Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required	
/1	jkreye 07/21/2009	nnatzke 07/21/2009	mduchek 07/21/200	9	lparisi 07/21/2009	lparisi 07/21/2009		
FE Sent F	For:			<end></end>				

2009 DRAFTING REQUEST

Received By: jkreve

Assembly Amendment (AA-AB287)

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	• •						
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Pre Topic:							
No specific pre topic given							
Topic:							
DOR technical concerns; effective date							
Instructions:							

Drafting History:

See attached

<u>Vers.</u> <u>Drafted</u> <u>Reviewed</u> <u>Typed</u> <u>Proofed</u> <u>Submitted</u> <u>Jacketed</u> <u>Required</u>

 $\frac{1}{1}$ jkreye $\frac{1}{1}$ $\frac{1}{1}$

FE Sent For:

<END>

Kreye, Joseph

From:

Rieselman, Brian

Sent:

Monday, July 20, 2009 2:52 PM

To:

Kreye, Joseph

Subject:

AB 287 / amendemnst to beer tax bill

Joe, per you note below, could we get a simple amendment for point one (corrects effective date) and another simple amendment for point two?

Thanks.

(no hurry -- we won't have a hearing till fall, it looks like)

Brian

Brian Rieselman Research Assistant Office of Representative Terese Berceau Wisconsin Legislature tel: (608) 266-3784

form the powers that be.

Re: Joe: The effective date has to be changed to avoid a retroactive effect. The 2nd point seems reasonable. I would ignore the 3rd point as it has no substantive impact (and it may be irrelevant).

You can probably address this in a simple amendment, but if you prefer a sub, that's fine too. As far as when you would like an amendment (before or after a hearing), that's really up to you, just let me know.

Joe Kreye, bill drafter

MEMORANDUM

June 8, 2009

TO:

Joe Kreye and Cathlene Hanaman

FROM: Paul Ziegler Department of Revenue

SUBJECT:

Technical Memorandum on Assembly Bill 287, relating to increasing the tax on fermented malt beverages

The Department of Revenue has several concerns with the bill:

- (1) The bill proposes an effective date of the later of July 1, 2009 or the day after publication of the 2009-11 biennial budget act. To implement the tax increase under the bill, the Department of Revenue would need 90 days to revise fermented malt beverage forms and mail letters to all fermented malt beverage account holders. To allow sufficient time to make these administrative changes, the department recommends an effective date of the first day of the third month after publication.
- (2) The bill provides for a distribution of the \$8 per barrel increase in the tax rate to support programs to reduce alcohol related crimes and for substance abuse treatment and prevention efforts. The distribution, however, does not take into account the credit for "eligible producers."

The "eligible producer" credit reduces the amount of the tax remitted by smaller beer producers (producing under 300,000 barrels annually) by 50% of the amount of tax on the first 50,000 barrels. Since the bill allocates the additional revenue based on the tax imposed under s.139.02 (1), no reduction to the allocations for the eligible producer credit under s.139.02 (2) is allowed under section 9 of the bill. As a consequence, the remaining "unallocated" general fund revenue under the bill is expected to be smaller than under current law.

In addition, the eligible producer credit for smaller brewers is based on calendar year production. The revenue distribution requirements to specific appropriations in section 9 of the bill, however, are on a fiscal year basis. Given this timing difference, the determination of the precise amount of taxes imposed per barrel on a fiscal year basis cannot be perfectly known without

substantial administrative effort.

To address the two concerns above, the bill could be amended so that the revenue distributions would be based on the percentage of tax collections net of the eligible producer credit under s.139.02 (2). Section 9 of the bill could be amended read as follows:

139.27 Revenue distribution. (1) In each fiscal year, beginning in fiscal year 2009 -10, an amount of the taxes imposed under s. 139.02 equal to 40% of fiscal year tax collections, net of the eligible producer credit, shall be credited to the appropriation account under s. 20.435 (7) (b).

- (2) In each fiscal year, beginning in fiscal year 2009–10, an amount of the taxes imposed under s. 139.02 equal to 20% of fiscal year tax collections, net of the eligible producer credit, shall be credited to the appropriation account under s. 20.505 (6) (g). (3) In each fiscal year, beginning in fiscal year 2009–10, an amount of the taxes imposed under s. 139.02 equal to 20% of fiscal year tax collection, net of the eligible producer credit, shall be credited to the appropriation account under s. 20.435 (7) (gm).
- (3) The author may wish to further amend the language crediting the appropriation under s.20.435 (7) (b) in Section 9 of the bill (page 5, lines 18-20), to reflect that the appropriation is a GPR funded, rather than a program revenue funded, appropriation.

If you have any questions regarding this technical memorandum, please contact Jacek Cianciara at (608) 266-8133.

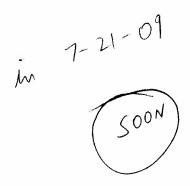
cc: Representative Berceau



State of Misconsin 2009 - 2010 LEGISLATURE

LRBa0570/1 JK:./.:...

ASSEMBLY AMENDMENT, TO 2009 ASSEMBLY BILL 287



- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 6, line 12: delete the material beginning with "July" and ending with
- 3 "later" on line 13 and substitute: "the first day of the 3rd month beginning after
- 4 publication".

5

(END)