

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 via email: **YES**

Requester's email: **Rep.Berceau@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

DOR technical concerns; distribution

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 07/21/2009	nmatzke 07/21/2009	mduchek 07/21/2009	_____	lparisi 07/21/2009	lparisi 07/21/2009	

FE Sent For:

<END>

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FE Sent For:

<END>

Kreye, Joseph

From: Rieselman, Brian
Sent: Wednesday, July 01, 2009 3:43 PM
To: Kreye, Joseph
Subject: RE: DOR recommended changes to AB 287 (Beer Tax)

Thanks Joe

From: Kreye, Joseph
Sent: Wednesday, July 01, 2009 2:39 PM
To: Rieselman, Brian
Subject: RE: DOR recommended changes to AB 287 (Beer Tax)

Brian,

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

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Rieselman, Brian
Sent: Wednesday, July 01, 2009 2:29 PM
To: Kreye, Joseph
Subject: DOR recommended changes to AB 287 (Beer Tax)

Joe -- recommend these changes be made?

Sub? Amendment subsequent to hearing addressing these issues?

i.e., do these address an actual error in the bill?

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

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:

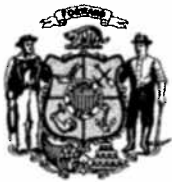
139.27 Revenue distribution. (1) In each fiscal year, beginning in fiscal year 2009 -10, an amount of the taxes imposed under s. 139.02 equal to 40% of fiscal year tax collections, net of the eligible producer credit, shall be credited to the appropriation account under s. 20.435 (7) (b).

(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



ASSEMBLY AMENDMENT ,
TO 2009 ASSEMBLY BILL 287

in 7-21-09

500M

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 5, line 19: delete the material beginning with "\$4" and ending with
3 "gallons" on line 20 and substitute: "40 percent of fiscal year tax collections, net of
4 the eligible producer credit under s.139.02 (2)".[✓]

5 **2.** Page 5, line 22: delete "\$2 per barrel of 31 gallons" and substitute "20
6 percent of fiscal year tax collections, net of the eligible producer credit under s.139.02
7 (2)".[✓]

8 **3.** Page 6, line 2: delete "\$2 per barrel of 31 gallons" and substitute "20 percent
9 of fiscal year tax collections, net of the eligible producer credit under s.139.02 (2)".[✓]

10

(END)