

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 549 <1st Edition>

SHORT TITLE: Beer and Wine Tax Distribution

SPONSOR(S): Rep. Tucker

FISCAL IMPACT

Yes (X) No () No Estimate Available ()

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund

* No Fiscal Impact *

Local Governments

* Redistribution of Funds Among Local Governments *

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Local Governments; NC Department of Revenue, Corporate, Excise and Insurance Tax Division.

EFFECTIVE DATE: January 1, 2002.

BILL SUMMARY: Under current law a portion of the excise tax revenue on beer, wine, and fortified wine is distributed by the Secretary of Revenue to jurisdictions that allow the sale of those beverages. This distribution is made on a per capita basis. The bill authorizes communities that are dry but have a residential private club, sports club, or certain economic development district that serve these beverages to also share in the distribution.

ASSUMPTIONS AND METHODOLOGY: Under current law only a set proportion of excise tax revenue is available for distribution. The balance remains with the state general fund. Because this bill only addresses the distribution of local portion of excise tax revenue, and not the general fund revenue, there is no general fund impact.

According to the Department of Revenue, the following amounts of excise taxes on beer and wine were available for local distribution in FY 1999-00:

Beer	19,920,020
Unfortified Wine	5,016,827
Fortified Wine	3,069,967
TOTAL	28,006,814

This amount is distributed on a per capita basis to counties and municipalities that allow the sale of these beverages in their community. If a county is only “wet” for one type of beverage, then that community would only receive a portion of the funds generated by that beverage. For example, if a county were “wet” for beer only, then they would receive a portion of the revenue for beer, but no distribution for wine or fortified wine.

In 1999-00 the per capita distribution rate for beer and wine was as follows:

Beer	3.386861
Unfortified Wine	0.847380
Fortified Wine	0.058166

Based on information from the ABC Commission it appears that this legislation will allow an additional 19 counties to share in the distribution of these funds. Those counties are Anson, Ashe, Avery, Burke, Caldwell, Cleveland, Columbus, Davidson, Duplin, Haywood, Henderson, Jackson, Lee, Montgomery, Randolph, Robeson, Rutherford, Stanley, and Union. In addition, the staff of the Commission believes the share given to Richmond and Rockingham would increase because they currently allow at least one type of sale, but not all three.

If the per capital distribution rate was adjusted to account for the increased number of counties participating, the 1999-00 distribution would have been:

	Actual	Adjusted	Change
Beer	3.386861	2.9723900	(0.41)
Unfortified Wine	0.847380	0.7442810	(0.10)
Fortified Wine	0.058166	0.0503375	(0.01)

The Department of Revenue notes that this is a very conservative estimate, as it does not take into account any municipalities that may be eligible for a distribution under the bill. If more municipalities are included the per capita rates are reduced to below the listed amounts.

The practical affect is that the bill redistributes excise tax revenue from local governments that allow beer, wine, and fortified wine sales to jurisdictions those who do not allow those sales community-wide, but have a residential private club, sports club, or a certain type of economic development district.

FISCAL RESEARCH DIVISION 733-4910

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DATE: March 19, 2001



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