

PREPARED BY: Doug Gibbs
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 PHONE: 402-471-0051

LB 780

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$ 0		\$ 96,000
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$ 0		\$96,000

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 780 would amend the Nebraska Liquor Control Act regarding the maximum amount of beer that may be produced by a brewpub, microbrewery, or craft brewery.

The current maximum production amount is 10,000 barrels per year and LB 780 would increase that maximum to 20,000 barrels per year.

Currently there are 22 licensees with a potential barrel capacity of 220,000 barrels or 6,820,000 gallons. The current tax rate is \$0.31 per gallon. The current potential tax revenue if all 22 licensees produced to capacity is \$2,114,200. However, none of the current licensees produces at the 10,000 barrel limit. Actual tax receipts for FY10-11 were \$122,207 from 394,215 gallons (12,716 barrels).

The impact of the change proposed by LB 780 is an increase of potential capacity to 440,000 barrels or 13,640,000 gallons. Potential revenue if all licensees produced to the proposed statutory limit is \$4,228,400.

Based on information from the Liquor Control Commission and current licensees, we assume that two licensees will take advantage of the increased barrel production limit and will reach the full limit in three years. We also assume that the other licensees will remain at or near their current production levels.

Because none of the current licensees are near the current statutory production limit of 10,000 barrels, we assume the licensees choosing to increase production will reach 10,000 barrels in FY12-13. Because current statute already permits production up to 10,000 barrels there is no fiscal impact because of LB 780 in FY12-13.

Because of the projected gradual ramp up of production by the two licensees we assume will take advantage of the change proposed by LB 780, we estimate an increase in revenue of approximately \$96,000 in FY13-14 and \$192,000 in FY14-15.

The Liquor Control Commission indicates no additional cost to implement the provisions of LB 780.

We agree with the Commission's estimate of cost.