

PREPARED BY: Austin Ligenza
 DATE PREPARED: January 11, 2022
 PHONE: (402)471-0050

LB 898

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2022-23 | | FY 2023-24 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | \$47,928 | | \$47,928 |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | \$47,928 | | \$47,928 |

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 898 amends section 53-103.49 related to ready-to-drink (RTD) cocktails. Under LB 898, such alcoholic products must not exceed 32 ounces to be classified as an RTD cocktail.

The Nebraska Liquor Control Commission (NLCC) estimates that 5% of RTD cocktails are currently sold over the 32 ounce limit. LB 898 would increase the taxation on these beverages from \$0.95/gallon to \$3.75/gallon. Based on the monthly gallons reported for RTD cocktails, NLCC estimates 17,117 gallons will be taxed at \$3.75/gallon instead of \$0.95/gallon annually, creating a revenue gain of \$47,928. The Fiscal Office agrees with this assessment.

The Nebraska Liquor Control Commission estimates no costs to implement LB 898. There is no basis to disagree with this estimate.

| | | |
|---|------------------|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
| LB: 898 | AM: | AGENCY/POLT. SUB: Nebraska Liquor Control Commission (35) |
| REVIEWED BY: Joe Wilcox | DATE: 01/18/2022 | PHONE: (402) 471-4178 |
| COMMENTS: No basis to dispute the Nebraska Liquor Control Commission (NLCC) estimate of potential General Fund Revenue impact to the State from LB 898. The Agency also indicates there would be No expenditure impact to the NLCC from the bill. | | |

Please complete ALL (5) blanks in the first three lines.

2022

LB⁽¹⁾ 898

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Liquor Control Commission

Prepared by: ⁽³⁾ LeAnna Prange Date Prepared: ⁽⁴⁾ 1/14/22 Phone: ⁽⁵⁾ 402-471-4892

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2022-23</u> | | <u>FY 2023-24</u> | |
|--------------------|---------------------|-----------------|---------------------|-----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | <u>0</u> | <u>\$47,928</u> | <u>0</u> | <u>\$47,928</u> |
| CASH FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FEDERAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

Explanation of Estimate:

NLCC anticipates no expenditures for implementation of LB898.

NLCC anticipates an increase in excise tax revenue for the implementation of LB898.

All excise tax revenue of alcoholic beverages is credited to the General Fund. Based on information provided by Nebraska spirit/wine licensed wholesalers that handle spirit-based RTDs, NLCC used an estimation of 5% of the market to be packages over 32 ounces.

Using the gallons reported for the months after spirit-based RTD classification became effective, August-December 2021, total gallons reported sold was 142,639; average would be 28,528 gallons a month; X 12 for 342,336 gallons annually. 5% in packages over 32 ounces would be 17,117 x \$3.75/gallon is \$64,189; prior to LB898 it would have been taxed at \$.95/gallon for a total of \$16,261. Which the difference is an additional excise tax revenue for the General Fund of \$47,928. This revenue for subsequent years may differ slightly due to market trends that NLCC cannot anticipate.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2022-23</u> | <u>2023-24</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>22-23</u> | <u>23-24</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | | | | |
| Operating..... | | | | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |

No expenditures for LB898. NLCC has received funding for an agency-wide IT technology upgrade which will include a brand registration system. NLCC plans to include package size in the design of this system if LB898 becomes law.