

House Bill 512

In The House

January 27, 1981	Introduced and referred to Committee on Taxation.
January 29, 1981	Fiscal note requested.
February 2, 1981	Fiscal note returned.
February 16, 1981	Committee recommend bill do not pass.

1 HOUSE BILL NO. 512
2 INTRODUCED BY [Signature]

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO INCREASE THE LICENSE
5 TAX ON LIQUOR SO THAT, AMONG OTHER RESULTS, THE AMOUNT OF
6 REVENUE AVAILABLE TO THE DEPARTMENT OF INSTITUTIONS FOR THE
7 TREATMENT, REHABILITATION, AND PREVENTION OF ALCOHOLISM IS
8 INCREASED; AMENDING SECTION 16-1-404, MCA."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 16-1-404, MCA, is amended to read:

12 "16-1-404. License tax on liquor -- amount --
13 distribution of proceeds. (1) The department is hereby
14 authorized and directed to charge, receive, and collect at
15 the time of sale and delivery of any liquor under any
16 provisions of the laws of the state of Montana a license tax
17 of ~~10%~~ 12% of the retail selling price on all liquor sold
18 and delivered. Said tax shall be charged and collected on
19 all liquor brought into the state and taxed by the
20 department. The retail selling price shall be computed by
21 adding to the cost of said liquor the state markup as
22 designated by the department. Said ~~10%~~ 12% license tax shall
23 be figured in the same manner as the state excise tax and
24 shall be in addition to said state excise tax. The
25 department shall retain in a separate account the amount of

1 such ~~10%~~ 12% license tax so received. Thirty percent of
2 these revenues shall be allocated to the counties according
3 to the amount of liquor purchased in each county to be
4 distributed to the incorporated cities and towns, as
5 provided in subsection (2). Four and one-half percent of
6 these revenues shall be allocated to the counties according
7 to the amount of liquor purchased in each county, and this
8 money may be used for county purposes. The remaining
9 revenues shall be deposited in the earmarked revenue fund to
10 the credit of the department of institutions for the
11 treatment, rehabilitation, and prevention of alcoholism.
12 Provided, however, in the case of purchases of liquor by a
13 retail liquor licensee for use in his business, the
14 department shall make such regulations as are necessary to
15 apportion that proportion of license tax so generated to the
16 county where the licensed establishment is located, for use
17 as provided in 16-1-405. The department shall pay quarterly
18 to each county treasurer the proportion of the license tax
19 due each county to be allocated to the incorporated cities
20 and towns of the county.

21 (2) The license tax proceeds allocated to the county
22 under subsection (1) for use by cities and towns shall be
23 distributed by the county treasurer to the incorporated
24 cities and towns within 30 days of receipt from the
25 department. The distribution of funds to the cities and

LC 0855/01

1 towns shall be based on the proportion that the gross sale
2 of liquor in each city or town is to the gross sale of
3 liquor in all of the cities and towns of the county.

4 (3) The license tax proceeds that are allocated to the
5 department of institutions for the treatment,
6 rehabilitation, and prevention of alcoholism shall be
7 credited quarterly to the department of institutions. The
8 legislature may appropriate a portion of the license tax
9 proceeds to support alcohol programs. The remainder shall be
10 distributed as provided in 53-24-206."

-End-

STATE OF MONTANA

REQUEST NO. 249-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 81, there is hereby submitted a Fiscal Note for HOUSE BILL 512 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act to increase the license tax on liquor so that, among other results, the amount of revenue available to the Department of Institutions for the treatment, rehabilitation, and prevention of alcoholism is increased.

ASSUMPTIONS

1. Revenue from the liquor license tax is projected to reach \$4,222,750 and \$4,556,000 in FY 82 and FY 83, respectively.
2. This proposal will increase the liquor license tax rate by 2 percent.

FISCAL IMPACT

	FY 82	FY 83
Liquor License Tax		
Under current law	\$4,222,750	\$4,556,000
Under proposed law	<u>5,067,300</u>	<u>5,467,200</u>
Estimated Increase	\$ 844,550	\$ 911,200
Earmarked Fund for Dept. of Institutions		
Under current law	\$2,765,901	\$2,984,180
Under proposed law	<u>3,319,081</u>	<u>3,581,016</u>
Estimated Increase	\$ 553,180	\$ 596,836

EFFECT ON LOCAL GOVERNMENT

The counties and incorporated cities and towns would experience an increase in revenue of approximately \$291,370 and \$314,364 in FY 82 and FY 83, respectively.

PREPARED BY THE DEPARTMENT OF REVENUE

David M. Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-2-81