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FISCAL IMPACT REPORT

SPONSOR Campos DATE TYPED 2/14/2004 HB 879

SHORT TITLE Liquor Excise Tax Revenue Distribution SB _____

ANALYST Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$2,000.0			Recurring	Department of Health: alcohol abuse programs
	\$1,300.0			Recurring	Certain Counties
	\$1,300.0			Recurring	Department of Health: Detoxification Facility

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(\$8,000.0)	(\$11,200.0)	Recurring	General Fund
	\$8,000.0	\$11,200.0	Recurring	Local DWI

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

SUMMARY

House Bill 879 changes the distribution of liquor excise tax revenues. The share of revenues distributed to the Local DWI Grant Fund is increased beginning in FY 2006. Additional increases are provided through FY 2023, at which time all liquor excise tax revenues are allocated to the DWI Grant Fund. A table summarizing the proposed liquor share of excise tax that would be distributed to the DWI Grant Fund (the FY05 share represents current law) is presented in the

substantive issues section.

Distributions of local DWI grant fund revenues are amended. An additional \$2 million is taken off the top before distribution by formula to the counties. The additional \$2 million is appropriated to the department of health to increase health clinic programs associated with substance and alcohol problems. The funding formula is amended: 84.8 percent of remaining revenue is distributed according to the current formula (the average of a county's share of total gross receipts and a county's share of alcohol related injury crashes). The remaining 15.2 percent is divided, with 7.6 percent allocated to counties with the greatest additional need based on a formula to be developed and 7.6 percent appropriated to the department of health to fund a regional alcohol detoxification and treatment facility in De Baca County.

The bill has no effective date; provisions are assumed to take effect 90 days after the end of the 2005 legislative session.

FISCAL IMPLICATIONS

Provisions of the bill increasing distributions to local DWI grant fund imply an offsetting decrease in state general fund revenues. In FY06, the local DWI grant fund revenues would increase by about \$8 million, while the state general fund would decrease by the same amount. The impact in FY07 grows as the share of revenues diverted to the local DWI grant fund increases. These impacts would continue to increase until FY 2023 at which time all revenues would have been redistributed to the local DWI grant fund.

The above estimates are derived from current alcohol excise tax revenue estimates. The estimate for FY06 is \$43.4 million in total, with \$26.9 million being the general fund share. Increasing the share DWI share to 53 percent (from 34.6 percent), implies an 18.4 percent increase for the DWI fund and a commensurate decrease for the general fund. 18.4 percent of \$43.4 million is approximately \$8 million.

The appropriations included in the bill would provide \$2 million of local DWI grant fund monies in FY06 to department of health for alcohol and substance abuse programs.

In FY06 total local DWI grant fund revenues would increase from an estimated \$16.5 million to approximately \$24.5 million. Subtracting \$7.6 million that is appropriated for current programs and the added money for alcohol programs at the department of health implies that \$16.8 million would be available for distribution by formula. The new formula would appropriate 7.6 percent of this, or \$1.3 million to the detoxification center in De Baca County and another 7.6 percent, or \$1.3 million to counties with the "greatest additional need".

An additional \$3.4 million would be available for distribution to all counties via the formula. The additional \$3.4 million is arrived at as follows: \$8 million more to the local DWI grant fund, less \$2 million appropriated to DOH substance and alcohol programs less \$1.3 million for the De Baca detoxification center less \$1.3 million for certain counties.

Fiscal impacts in FY07 and later years would increase as the alcohol excise tax revenues grow (about 2 to 3 percent per year), and as the distribution of revenues to the DWI grant fund increase.

ADMINISTRATIVE IMPLICATIONS

TRD reports that the administrative impact to that department would be minimal.

TECHNICAL ISSUES

The bill indicates that additional monies will be appropriated from the local DWI grant fund to counties with the greatest additional need based on a to be determined formula. It does not indicate who would determine the formula.

OTHER SUBSTANTIVE ISSUES

The following table summarizes the proposed change in the distribution of alcohol excise tax revenues to the local DWI grant fund. The 34.57 percent share shown for FY05 represents current law distribution share to that fund.

Proposed Liquor Excise Tax Distributions	
Fiscal Year	DWI Fund Share
FY 2005	34.57%
FY 2006	53.00%
FY 2007	60.00%
FY 2008	60.00%
FY 2009	65.00%
FY 2010	65.00%
FY 2011	70.00%
FY 2012	70.00%
FY 2013	75.00%
FY 2014	75.00%
FY 2015	80.00%
FY 2016	80.00%
FY 2017	85.00%
FY 2018	85.00%
FY 2019	90.00%
FY 2020	90.00%
FY 2021	95.00%
FY 2022	95.00%
FY 2023	100.00%

BT/yr