

BILL SUMMARY
2nd Session of the 53rd Legislature

Bill No.:	BH 2567
Version:	SUBPCS1
Request Number:	9234
Author:	Rep. Wright
Date:	2/16/2012
Impact:	Analysis of FY-11 Data:
	Net Beverage Tax Increase: \$79.3 Million
	Net Sales Tax Decrease:
	\$43.5 Million State
	\$33.8 Million Local

Research Analysis

The proposed subcommittee substitute for HB 2567 increases the tax levied on low-point beer from \$11.25 per barrel to \$46.35 per barrel. Provides for the apportionment of the additional \$35.10 to be apportioned to the state, municipalities and counties that levy a sales tax, in the proportion each received in sales tax in the preceding month.

Prepared By: Brad Wolgamott

Fiscal Analysis

Tax Commission analysis:

In FY 11, excise taxes collected on low-point beer totaled \$25,426,672 at the current tax rate of \$11.25 per barrel. Utilizing these collections, it is estimated that sales tax collections in the amount of \$43,514,426 [state] and \$33,844,553 [city/county] occurred in FY 11.

As of August 2011, there were approximately 6,000^[1] entities that were issued low-point beer retailer permits relating to approximately 8,400 locations that were responsible for the collection and remittances of sales taxes from the sale of low-point beer. However, there are only 28^[2] entities licensed as Oklahoma Wholesalers of low-point beer that remit excise taxes on low-point beer. With fewer entities to regulate, compliance should increase yielding an increase in revenue of an estimated \$5,000,000 [state] \$3,469,500 [city] and \$649,500 [county].

[1] These entities include establishments such as restaurants, bars, and clubs that sell beer for on-premise consumption in bottle can or draft as well as establishments such as grocery stores and convenience stores that sell beer for off-premise consumption.

[2] Includes 4 brew pubs (micro breweries).

Prepared By: Mark Tygret

Other Considerations

The Tax Commission indicates the changes in the taxation of low-point beer will increase revenue as the shift to the beverage tax will lower the scope of regulation because fewer entities will be remitting tax collections to the Tax Commission.