

BILL SUMMARY
1st Session of the 57th Legislature

Bill No.:	SB 936
Version:	CS
Request Number:	8782
Author:	Rep. McEntire
Date:	4/17/2019
Impact:	Tax Commission: FY-20&21: unknown decrease in state tax revenues

Research Analysis

The CS to SB 936 creates a Charitable Collaboration Brewer License. The license authorizes a licensee to sell beer to beer distributors, qualified persons out of the state, serve limited and free samples of the charitable collaboration beer, consumers on the brewery premises, and purchase collaboration beer. The measure also authorizes charity collaboration beer licensees to utilize private labels or control labels for sale. Beers sold or sampled to individuals will be considered taxable. Sales and sampling may only occur between the hours of 10:00 a.m. and 2:00 a.m. along with other restrictions on consumption. Licensees who hold a brewery license may sell to retailers. Brewers must apply to the ABLE Commission for the license.

The measure allows the production of wort and non-retail packaged alcohol products necessary for the development to be transferred-in-bond without taxation between charitable collaborating breweries. Transfer-in-bond is the transfer of alcohol products between breweries without being subject to a tax. The Oklahoma Tax Commission must abate taxes upon notice and application and only until the charitable collaboration beer is packaged.

Prepared By: Brad Wolgamott

Fiscal Analysis

The Tax Commission has provided the following impact statement:

OKLAHOMA TAX COMMISSION

REVENUE IMPACT STATEMENT FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: February 20, 2019

BILL NUMBER: SB 936 STATUS AND DATE OF BILL: Introduced 01/17/2019

AUTHORS: House n/a Senate Bice

TAX TYPE (S): Alcohol Excise, Mixed Beverage & Sales Tax SUBJECT: Exemption & Other

PROPOSAL: Amendatory

The measure creates a charitable collaboration brewer license to allow collaborating licensed brewers and holders thereof to engage in the following activities:

- Formulate, manufacture, bottle, package and store a charitable collaboration beer on the licensed premises.
- Sell the charitable collaboration beer in this state to retail license holders
- Sell the charitable collaboration beer outside of Oklahoma to qualified persons for charitable fundraising.
- Serve free samples of charitable collaboration beer to visitors 21 years of age and older on the collaborating brewery's licensed premises.
- Sell the charitable collaboration beer for either on premise and off-premise consumption.
- Sell the charitable collaboration beer at public events such as trade shows or festivals and
- Purchase the charitable collaboration beer produced in retail containers from the holder of a beer distributor license to sell or serve in accordance with this measure.

The measure also allows the production of wort and non-retail packaged alcohol products necessary for production to be transferred-in-bond¹ without taxation between charitable collaborating breweries licensed in the state. Further the measure authorizes the Tax Commission to conduct inspections and audits as necessary to maintain strict compliance and record keeping during the development of the beer and directs the Tax Commission to promulgate necessary rules and to create forms to exempt and allow transfer-in-bond in accordance with this Act.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 20: Unknown decrease in state tax revenues

FY 21: Unknown decrease in state tax revenues

Feb. 21, 2019
DATE

Rick Miller
DIVISION DIRECTOR

msm

2-21-2019
DATE

Huan Gong
HUAN GONG, ECONOMIST

2.22.19
DATE

Imy Mott
FOR THE COMMISSION

**The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

¹ Transfer in bond means the movement of alcohol or products containing any percentage of alcohol between licensed bonded brewery facilities without payment of tax.

ATTACHMENT TO REVENUE IMPACT – SB 936 – [Introduced] – Prepared 02/20/2019

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- Sell the charitable collaboration beer in this state to retail license holders
- Sell the charitable collaboration beer outside of Oklahoma to qualified persons for charitable fundraising.
- Serve free samples of charitable collaboration beer to visitors 21 years of age and older on the collaborating brewery's licensed premises.
- Sell the charitable collaboration beer for either on premise and off-premise consumption.
- Sell the charitable collaboration beer at public events such as trade shows or festivals and
- Purchase the charitable collaboration beer produced in retail containers from the holder of a beer distributor license to sell or serve in accordance with this measure.

The measure also allows the production of wort and non-retail packaged alcohol products necessary for production to be transferred-in-bond² without taxation between charitable collaborating breweries licensed in the state. Further the measure authorizes the Tax Commission to conduct inspections and audits as necessary to maintain strict compliance and record keeping during the development of the beer and directs the Tax Commission to promulgate necessary rules and to create forms to exempt and allow transfer-in-bond in accordance with this Act.

The measure exempts the alcohol excise tax on alcohol products transferred-in-bond. It is unclear from the proposed language whether the finally packaged beer for distribution is also exempted from alcohol excise tax by this proposal. Further the measure exempts free samples of the charitable collaboration beer from the imposition of mixed beverage gross receipts tax. Therefore, it is estimated that an unknown decrease in state tax revenues occurs as a result of this measure for FY 20 and FY 21.

Prepared By: Kristina King

Other Considerations

None.