

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION**

**MEASURE**

2016 BR NUMBER **1204**

**HOUSE** BILL NUMBER **310**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to the reduction of the distilled spirits wholesale sales tax rate.**

**SPONSOR** **Representative Susan Westrom**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: \_\_\_\_\_

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

<b>FISCAL ESTIMATES</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>		(\$1,700,000)	(\$2,900,000)	(\$3,900,000)
<b>EXPENDITURES</b>				
<b>NET EFFECT</b>		(\$1,700,000)	(\$2,900,000)	(\$3,900,000)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** This proposal, if enacted, will reduce the tax rate on gross receipts derived from wholesale sales of distilled spirits over a three-year period, beginning August 1, 2016. The current rate is 11%. For wholesale sales made on or after August 1, 2016, but before June 1, 2017 the rate will be 10.5%. For wholesale sales made on or after June 1, 2017, but before June 1, 2018 the rate will be 10.25%, and for wholesale sales made on or after June 1, 2018, the rate will be 10%.

**PROVISIONS/MECHANICS:** Amends KRS 243.884 to phase down the wholesale sales tax rate on distilled spirits beginning August 1, 2016.

**FISCAL EXPLANATION:** This proposal, if enacted, will have an estimated negative impact to the General Fund of approximately (\$1,700,000) in FY 2016-2017, (\$2,900,000) in FY 2017-2018, and (\$3,900,000) in FY 2018-2019. There is no impact in FY 2015-2016 as the effective date of the change is August 1, 2016.

**DATA SOURCE(S):** **LRC Staff, staff economist**

**PREPARER:** **Charlotte Quarles** **NOTE NUMBER:** **103** **REVIEW:** **JRS** **DATE:** **2/25/2016**

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