



**Legislative
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FINAL FISCAL NOTE

Drafting Number: LLS 20-0996
Prime Sponsors: Rep. Benavidez; Snyder

Date: August 27, 2020
Bill Status: Postponed Indefinitely
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Bill Topic: **EXCISE TAX ON ALCOHOL BEVERAGES SACRAMENTAL WINES**

**Summary of
Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue <input checked="" type="checkbox"/> State Expenditure <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input type="checkbox"/> Local Government <input type="checkbox"/> Statutory Public Entity
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Beginning in 2021, this bill would have eliminated the liquor excise tax exemption for sacramental wines sold or used for religious purposes. It would have increased state revenue and minimally increased state workload on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** This final fiscal note reflects the introduced bill. The bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 20-1303

	FY 2020-21	FY 2021-22
Revenue	General Fund	\$1,300
Expenditures	-	-
Transfers	-	-
TABOR Refund	-	-

Summary of Legislation

Under current law, sacramental wines sold or used for religious purposes are exempt from all state alcoholic beverage regulations. Beginning January 1, 2021, the bill makes sacramental wines subject to the state liquor excise tax. The bill does not cause sacramental wines to become subject to other state alcoholic beverage regulations.

Background

Pursuant to Senate Bill 16-203, the Office of the State Auditor (OSA) published its evaluation of the tax exemption in September 2018. The evaluation is available online here: https://leg.colorado.gov/sites/default/files/2018-te7_sacramental_wines_excise_tax_exemption.pdf.

State Revenue

The bill is expected to increase General Fund revenue by \$1,300 in FY 2020-21 and by \$2,600 in FY 2021-22 and subsequent fiscal years. The estimate for FY 2020-21 represents a half-year impact on an accrual accounting basis. The bill increases liquor excise tax revenue, which is subject to TABOR.

Assumptions. The Department of Revenue does not collect and report data on the prevalence of the tax exemption or the amount of tax revenue foregone. In its evaluation report, the OSA estimated that the revenue loss attributable to the exemption was \$2,600 in 2017, based on limited data provided by wine producers. This fiscal note assumes the OSA estimate. To the extent that a greater quantity of wine is annually exempted from the tax than is captured in the OSA estimate, the revenue increase will be greater than assumed in this fiscal note.

State Expenditures

To the extent that the bill results in the remittance of excise tax returns that would not otherwise be filed, Department of Revenue workload will increase to process the additional returns. Any potential workload increase is expected to be minimal.

TABOR refunds. The state is not expected to collect revenue above the TABOR limit in either FY 2020-21 or FY 2021-22, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers. A forecast of state revenue subject to TABOR is not available beyond FY 2021-22.

Effective Date

The bill was postponed indefinitely by the House Finance Committee on May 28, 2020.

State and Local Government Contacts

Revenue State Auditor