

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
SENATE, No. 3977
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 11, 2022

SUMMARY

- Synopsis:** Establishes advisory council for the brewery, cidery, meadery, and distillery industries in NJ and provides for funding through certain alcoholic beverage tax receipts.
- Type of Impact:** Potential increase in annual State expenditures; Revenue shift within State’s General Fund to dedicated account.
- Agencies Affected:** Department of State

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Shift	\$150,000 to \$200,000

- The Office of Legislative Services (OLS) believes the fiscal impact of the bill is twofold; indeterminate annual administrative expenses related to the advisory council and a revenue shift of State General Fund monies to a dedicated account. The Department of State’s existing resources may be able to cover the advisory council’s expense; otherwise, a new appropriation would be required
- Based on data provided by the Executive, the bill’s dedication would shift roughly \$150,000 to \$200,000 within the State’s General Fund to the New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account.

BILL DESCRIPTION

This bill establishes the New Jersey Brewery, Cidery, Meadery, and Distillery Industry Advisory Council and provides for funding through certain alcoholic beverage tax receipts. The seven members of the advisory council are to serve without compensation, but may be reimbursed for certain expenses. The advisory council is to meet twice annually and at other times as

determined by the advisory council. The advisory council is to assess the condition of the limited brewery, restricted brewery, cidery, meadery, and craft distillery industries of the State

The bill also establishes a New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account. All monies received in this account are to be expended by the executive director for research and development concerning the limited brewery, restricted brewery, cidery, meadery, and craft distillery industries in the State and for the promotion of New Jersey's limited brewery, restricted brewery, cidery, meadery, and craft distillery industries. In determining how to expend those monies, the executive director is to consider the recommendations of the advisory council. The bill provides that the account is to be credited annually, via an appropriation by law, with an amount equal to 50 percent of the receipts from the per gallon tax imposed on all sales of beer, cider, mead, and liquors sold by limited breweries, restricted breweries, cideries, meaderies, and craft distilleries in this State, and any other monies made available to it. The bill also requires the Secretary of State to include with the annual budget request for the Department of State a request for funds sufficient to carry out the purposes and intent of the bill. The advisory council is to advise the executive director on expenditures from the account for research, development, and promotion of the New Jersey limited brewery, restricted brewery, cidery, meadery, and craft distillery industries.

The bill further requires the Director of the Division of Taxation to certify by March 1 annually to the advisory council the taxable volume of beer, cider, mead, and liquors sold by qualifying licensees during the preceding taxable year.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive provided data to the OLS regarding tax payments made by licensee type under the State's Alcoholic Beverage Tax. According to the Executive, limited brewery licensees paid \$200,608, restricted breweries paid \$8,626, and craft distilleries paid \$110,901 in tax during CY 2020. Payments by cidery and meadery licensees are unavailable. For perspective, across all licensees, the preliminary CY 2020 total for payments received was \$167.5 million. Plenary Wholesaler licensees account for almost all of those payments, totaling \$153.2 million.

OFFICE OF LEGISLATIVE SERVICES

The OLS believes the fiscal impact of the bill is twofold; indeterminate annual administrative expenses related to the advisory council and a revenue shift of State General Fund monies to a dedicated account. The advisory council could yield an on-going State expenditure increase related to reimbursements to members for discharging official duties. The Department of State's existing resources may be able to cover the advisory council's expenses. Based on data provided by the Executive, the bill's dedication would shift roughly \$150,000 to \$200,000 within the State's General Fund to the New Jersey Brewery, Cidery, Meadery, and Distillery Industry Promotion Account.

Section: Revenue, Finance and Appropriations

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).