

HB 3197 -2 STAFF MEASURE SUMMARY

Joint Committee On Addiction and Community Safety Response

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 4/2

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Officer to study the taxation of beer and wine sales and report to the Legislative Assembly by September 15, 2026.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Replaces the measure.

The amendment imposes a tax on the retail sale of malt beverages, cider, and wine and specifies that a portion of moneys received are to be used for funding alcohol and drug abuse prevention programs for youth under the age of 21.

Detailed Summary:

- Defines "retail sale," retail sales price," and "retail seller."
- Imposes direct tax on consumers for retail sales of malt liquor, cider, and wine. Sets tax at specified rates:
 - Two percent of retail sales price for sales made between July 1, 2026 and January 1, 2028;
 - Four percent of retail sales price for sales made between January 1, 2028 and January 1, 2030;
 - Six percent of retail sales price for sales made between January 1, 2030 and January 1, 2032; and
 - Eight percent of retail sales price for sales made on or after January 1, 2032.
- Requires amount of tax to be separately stated on document provided by seller to consumer, Prohibits hiding, removing, or falsifying records of sales.
- Exempts small brewery outlet sales from tax; defines "small brewery" and "small brewery outlet sale".
- Requires tax to be imposed directly on consumer at point of sale. Requires retailer to file return and pay tax to Department of Revenue (DOR) on a quarterly basis. Specifies applicable interest for late returns and penalties. Specifies refund and offset requirements for retailer tax overpayments.
- Specifies liability and assessment provisions for delinquent tax payments, penalties, interest, and collection charges.
- Specifies DOR's subpoena authority and remedies.
- Specifies procedures for repayment of tax overpayments made by consumers.
- Permits retailers to deduct and retain two percent of taxes collected as compensation for collection.
- Specifies allocation of collected tax funds. Permits DOR to pay administrative and enforcement expenses with tax funds. Appropriates remaining balance:
 - 85 percent to the Youth Development Division Fund for funding of alcohol and drug abuse prevention programs developed for youths under the age of 21.
 - 15 percent to counties apportioned based on population.
- Requires the Alcohol and Drug Policy Commission to report to the Legislative Assembly by December 1 of each odd-numbered year on the number of youth served and number of counselors employed by prevention programs funded by tax.
- Applies to sales beginning July 1, 2026.
- Takes effect on 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued.

REVENUE: May have revenue impact, but no statement yet issued.

BACKGROUND:

PRELIMINARY