



ALLEGHENY COUNTY COUNCIL

COMMITTEE ON BUDGET AND FINANCE FISCAL NOTE

DATE 11/25/08

BILL NO. 4382-08

TOPIC: DRINK TAX RATE REDUCTION TO SEVEN PERCENT (7%)

FUND TYPE: OPERATING CAPITAL GRANT SPECIAL ACCOUNT

PROJECT COST CENTER/JOB NUMBER: N/A

FIRST READING: 10/7/08

RELEASED FROM
COMMITTEE: 11/19/08

RECOMMENDATION: AFFIRMATIVE NEGATIVE NONE
REASON:

PRIMARY SPONSOR(S): COUNCIL MEMBER BURN

CO-SPONSOR(S): COUNCIL MEMBERS CLEARY, DEFazio, FINNERTY, GREEN, MACEY,
VICE-PRESIDENT MARTONI AND PRESIDENT FITZGERALD

1. LEGISLATIVE SUMMARY

BILL No. 4382-08 AMENDS ARTICLE 808.A §5-808.A.02 OF THE ADMINISTRATIVE CODE ENTITLED "ALCOHOLIC BEVERAGE TAXATION" BY REDUCING THE COUNTY TAX RATE ON THE SALE OF RETAIL LIQUOR AND MALT AND BREWED BEVERAGES WITHIN THE COUNTY FROM TEN PERCENT (10%) TO SEVEN PERCENT (7%).

THIS CHANGE IN TAX RATE WOULD PERPETUALLY GO INTO EFFECT JANUARY 1, 2009. THE 2009 REVENUES FROM THIS TAX ARE ESTIMATED TO BE \$26.5 MILLION AND WILL BE USED TO FUND THE COUNTY'S TRANSIT SYSTEM COSTS IN ACCORDANCE WITH ACT 44 OF 2007.

IN ACCORDANCE WITH ARTICLE 808 § 5-808.01 B OF THE ADMINISTRATIVE CODE, ANY ORDINANCE THAT IMPLEMENTS A NEW TAX OR CHANGES THE RATE OF TAXATION ON ANY SUBJECT OF TAXATION REQUIRES AN AFFIRMATIVE VOTE OF AT LEAST 2/3 OF THE SEATED COUNCIL MEMBERS.

2. GENERAL STATEMENT - FISCAL EFFECT

THE INFORMATION BELOW WAS COMPILED FROM THE FOLLOWING RESOURCES:

ACTUAL COLLECTION DATA PROVIDED THE ALLEGHENY COUNTY TREASURER'S OFFICE

BASED UPON ACTUAL ALCOHOLIC BEVERAGE TAX COLLECTION FIGURES FOR THE FIRST THREE (3) QUARTERS OF 2008 (JANUARY 1 – SEPTEMBER 30, 2008), IT IS ESTIMATED THAT THE ALCOHOLIC BEVERAGE TAX OF TEN PERCENT (10%) WILL GENERATE MORE THAN \$37.7 MILLION DOLLARS IN 2008 USING A STRAIGHT LINE PROJECTION CALCULATION. ACCORDINGLY, THE AVERAGE MONTHLY COLLECTION AMOUNT FOR THE FIRST THREE (3) QUARTERS OF 2008 IS \$3,148,531. BILL NO. 4382-08 PROPOSES PERPETUALLY CHANGING THE ALCOHOLIC BEVERAGE TAX RATE AS DEFINED IN ARTICLE 808.A §5-808.A.02 OF THE ADMINISTRATIVE CODE TO SEVEN PERCENT (7%). THUS, IT IS ESTIMATED THAT THE AVERAGE MONTHLY COLLECTION AMOUNT OF A 7% ALCOHOLIC BEVERAGE TAX WILL BE \$2,203,972, WITH THE ANNUAL COLLECTION AMOUNT ESTIMATED TO BE \$26,447,664 USING A STRAIGHT-LINE PROJECTION CALCULATION.

2008 Actual Collections to Date		
For the Period of: January 1 - September 30, 2008		
10% Alcoholic Beverage Tax		
January		2,937,513
February		2,926,342
March		3,162,921
April		3,164,855
May		3,411,209
June		3,344,241
July		3,115,015
August		3,197,906
September		3,076,775
Total Collections to Date	\$	28,336,777
Monthly Average as of 9/30/08		3,148,531
2008 Estimated Collections		
For the Period of: October 1 - December 31, 2008		
10% Alcoholic Beverage Tax		
October		3,148,531
November		3,148,531
December		3,148,531
Total 2008 Estimated Collections 10%	\$	37,782,370
2009 Estimated Collections		
For the Period of: January 1 - December 31, 2009		
7% Alcoholic Beverage Tax		
January		2,203,972
February		2,203,972
March		2,203,972
April		2,203,972
May		2,203,972
June		2,203,972
July		2,203,972
August		2,203,972
September		2,203,972
October		2,203,972
November		2,203,972
December		2,203,972
Total 2008 Estimated Collections 7%	\$	26,447,664
	Rate	

**3. STATEMENT OF APPROPRIATIONS AVAILABILITY
(ONLY FOR PROJECTS TO BE IMPLEMENTED IN CURRENT YEAR)**

N/A

4. COUNTY REVENUE SOURCE

IT IS ANTICIPATED THAT THE A REDUCTION IN THE RATE OF THE ALCOHOLIC BEVERAGE TAX WILL HAVE NO IMPACT ON THE COST OF COLLECTION ESTABLISHED TO DATE,

5. DATA SOURCE

ACTUAL COLLECTION DATA PROVIDED THE ALLEGHENY COUNTY TREASURER'S OFFICE AS OF NOVEMBER 18, 2008.

PREPARED BY



11/25/2008

JENNIFER M. LIPTAK
BUDGET DIRECTOR
COUNTY COUNCIL

THIS NOTE IS PREPARED IN ACCORDANCE WITH ARTICLE IV, SECTION C "FISCAL NOTES" OF THE ALLEGHENY COUNTY COUNCIL — RULES OF COUNCIL. THIS NOTE CONTAINS A QUANTITATIVE ANALYSIS, AND SHOULD NOT BE CONSTRUED TO REPRESENT THE INDIVIDUAL POLICY OPINION OF THE PREPARER. IT IS THE RESPONSIBILITY OF THE BILL SPONSOR(S) TO DETERMINE WHETHER THE BILL IS PRESENTED FOR CONSIDERATION BY A COMMITTEE OR THE FULL COUNCIL.