

January 20, 2016

The Honorable Ralph Ostmeyer, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

Dear Senator Ostmeyer:

SUBJECT: Fiscal Note for SB 326 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 326 is respectfully submitted to your committee.

Under current law, a microbrewery is limited to manufacturing 100 to 30,000 barrels of domestic beer in a license year. SB 326 would increase the maximum amount to 60,000 barrels of domestic beer in a license year.

The Department of Revenue estimates that SB 326 has the potential to increase liquor gallonage tax receipts if a microbrewery increases production above the current maximum of 30,000 barrels of domestic beer in a license year. The liquor gallonage tax for beer is \$0.18 per gallon. However, the Department of Revenue does not have data on the amount of additional barrels of domestic beer that microbreweries would manufacture above 30,000 barrels to provide a precise estimate of the amount of additional liquor gallonage tax receipts that may result from the enactment of SB 326. Any fiscal effect associated with SB 326 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue