

By: Representative Baker

To: Ways and Means

HOUSE BILL NO. 1346

1 AN ACT TO IMPOSE A HANDLING FEE ON EACH MANUFACTURER OR  
2 WHOLESALER OF ALCOHOLIC BEVERAGES WHOSE PRODUCT IS PLACED IN THE  
3 DEPARTMENT OF REVENUE'S LIQUOR DISTRIBUTION CENTER IN MADISON  
4 COUNTY, MISSISSIPPI; TO PROVIDE THAT REVENUE DERIVED FROM THE  
5 HANDLING FEE SHALL BE PLACED INTO A SPECIAL FUND CREATED IN THE  
6 TREASURY TO BE DESIGNATED AS THE "2018 DEPARTMENT OF REVENUE  
7 LIQUOR DISTRIBUTION CENTER IMPROVEMENTS FUND"; TO PROVIDE THAT  
8 MONIES IN THE SPECIAL FUND SHALL BE USED TO REPAY INDEBTEDNESS  
9 INCURRED UNDER THIS ACT AND TO PAY THE COSTS ASSOCIATED WITH ANY  
10 CONSTRUCTION, EXPANSION, MAINTENANCE, REPAIR AND UPGRADE OF ANY  
11 STRUCTURE, EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE AND PERSONAL  
12 PROPERTY USED IN THE OPERATION OF THE DEPARTMENT OF REVENUE LIQUOR  
13 DISTRIBUTION CENTER; TO AUTHORIZE THE DEPARTMENT OF FINANCE AND  
14 ADMINISTRATION, WITH THE CONCURRENCE OF THE STATE BOND COMMISSION,  
15 TO INCUR DEBT FOR THE PURPOSE OF PAYING THE COSTS ASSOCIATED WITH  
16 ANY CONSTRUCTION, EXPANSION, MAINTENANCE, REPAIR AND UPGRADE OF  
17 ANY STRUCTURE, EQUIPMENT, COMPUTER HARDWARE AND SOFTWARE AND  
18 PERSONAL PROPERTY USED IN THE OPERATION OF THE DEPARTMENT OF  
19 REVENUE LIQUOR DISTRIBUTION CENTER; TO PROVIDE THAT THE  
20 INDEBTEDNESS SHALL BE SECURED BY AND PAID FROM MONIES IN THE 2018  
21 DEPARTMENT OF REVENUE LIQUOR DISTRIBUTION CENTER IMPROVEMENTS  
22 FUND; TO AMEND SECTION 27-71-29, MISSISSIPPI CODE OF 1972, IN  
23 CONFORMITY THERETO; TO AMEND SECTION 27-71-5, MISSISSIPPI CODE OF  
24 1972, TO AUTHORIZE THE DEPARTMENT OF REVENUE TO CHARGE A FEE TO  
25 DEFRAY COSTS INCURRED FOR INVESTIGATIONS RELATED TO APPLICATIONS  
26 UNDER THE LOCAL OPTION ALCOHOLIC BEVERAGE CONTROL LAW; TO  
27 AUTHORIZE THE COMMISSIONER OF REVENUE TO ESTABLISH A PRODUCTION  
28 PAY PLAN FOR THE ALCOHOLIC BEVERAGE CONTROL DIVISION DISTRIBUTION  
29 CENTER WAREHOUSE EMPLOYEES TO PROVIDE FOR THE EFFICIENT OPERATIONS  
30 OF THE WAREHOUSE AND RELATED FACILITIES USED FOR THE DISTRIBUTION  
31 OF ALCOHOLIC BEVERAGES; AND FOR RELATED PURPOSES.

32 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:



33           **SECTION 1.** (1) (a) There is imposed and shall be collected  
34 from each manufacturer or wholesaler whose product is placed in  
35 the department's liquor distribution center, by bailment or  
36 otherwise, a handling fee of Four Dollars (\$4.00) per case. The  
37 fee shall be collected by the department by any means available,  
38 including, but not limited to, the deduction of the fee from any  
39 monies due to the manufacturer or wholesaler. In addition to any  
40 other remedies available, the department may stop handling the  
41 product of any manufacturer or wholesaler who, after a demand for  
42 payment, fails to pay any handling fees. Except as otherwise  
43 provided in this subsection (1), the revenue derived from the fee  
44 imposed by this subsection (1) shall be deposited into the special  
45 fund created in subsection (2) of this section. After the payment  
46 in full of all indebtedness incurred under subsection (3) of this  
47 section, Fifty Cents (50¢) of each per case fee imposed shall be  
48 deposited into the special fund created in subsection (2) of this  
49 section and the remainder of each per case fee imposed shall be  
50 deposited into the State General Fund. For the purposes of this  
51 section, the term "department liquor distribution center" means  
52 the Department of Revenue Liquor Distribution Center in Madison  
53 County, Mississippi.

54           (b) The fee imposed in this subsection (1) shall apply  
55 only to that product sold by the department on or after July 1,  
56 2018.



57 (c) The department may escalate its budget and expend  
58 money in the special fund created in subsection (2) of this  
59 section in accordance with rules and regulations of the Department  
60 of Finance and Administration in a manner consistent with the  
61 escalation of federal funds.

62 (d) The Commissioner of Revenue may from time to time  
63 make such rules and regulations, not inconsistent with this  
64 subsection (1), as he may deem necessary to enforce its  
65 provisions.

66 (2) (a) A special fund, to be designated as the "2018  
67 Department of Revenue Liquor Distribution Center Improvements  
68 Fund," is created within the State Treasury. The fund shall be  
69 maintained by the State Treasurer as a separate and special fund,  
70 separate and apart from the General Fund of the state. The fund  
71 shall consist of monies deposited therein as provided in  
72 subsection (1) of this section and monies from any other source  
73 designated for deposit into such fund. Unexpended amounts  
74 remaining in the fund at the end of a fiscal year shall not lapse  
75 into the State General Fund, and any interest earned or investment  
76 earnings on amounts in the fund shall be deposited into such fund.

77 (b) Monies deposited into the fund shall be used to  
78 repay any indebtedness incurred under subsection (3) of this  
79 section. After the payment in full of all indebtedness incurred  
80 under subsection (3) of this section, or if there is no  
81 indebtedness incurred under subsection (3) of this section, monies



82 in the fund shall be used to pay the costs associated with  
83 operations of the department's liquor distribution center and  
84 grounds, including, but not limited to, any construction,  
85 expansion, maintenance, repair and/or upgrade of any structure,  
86 equipment, computer hardware and software and/or personal property  
87 used in the operation of the department's liquor distribution  
88 center.

89 (3) The Department of Finance and Administration, with the  
90 concurrence of the State Bond Commission, is authorized to incur  
91 debt, including notes or other evidences of indebtedness, for the  
92 purpose of paying the costs associated with operations of the  
93 department's liquor distribution center and grounds, including,  
94 but not limited to, any construction, expansion, maintenance,  
95 repair and/or upgrade of any structure, equipment, computer  
96 hardware and software and/or personal property used in the  
97 operation of the department's liquor distribution center. Any  
98 notes or instruments of indebtedness issued to pay such costs  
99 shall be secured by and paid from monies in the 2018 Department of  
100 Revenue Liquor Distribution Center Improvements Fund created in  
101 subsection (2) of this section. All notes or certificates of  
102 indebtedness issued for purposes of this subsection shall mature  
103 in approximately equal installments of principal and interest over  
104 a period not to exceed five (5) years from the date of issuance  
105 thereof. The maximum amount of indebtedness that may be incurred



106 under this subsection (3) cannot exceed Forty Million Dollars  
107 (\$40,000,000.00).

108 **SECTION 2.** Section 27-71-29, Mississippi Code of 1972, is  
109 amended as follows:

110 27-71-29. All taxes levied by this article shall be paid to  
111 the \* \* \* Department of Revenue in cash or by personal check,  
112 cashier's check, bank exchange, post office money order or express  
113 money order and shall be deposited by the \* \* \* department in the  
114 State Treasury on the same day collected, but no remittances other  
115 than cash shall be a final discharge of liability for the tax  
116 herein imposed and levied unless and until it has been paid in  
117 cash to the \* \* \* Department of Revenue.

118 All taxes levied under Section 27-71-7(1) and received by  
119 the \* \* \* department under this article shall be paid into the  
120 General Fund, and the three percent (3%) levied under Section  
121 27-71-7(2) and received by the \* \* \* department under this article  
122 shall be paid into the special fund in the State Treasury  
123 designated as the "Alcoholism Treatment and Rehabilitation Fund"  
124 as required by law. Any funds derived from the sale of alcoholic  
125 beverages in excess of inventory requirements shall be paid not  
126 less often than annually into the General Fund.

127 The revenue derived from the fee imposed under Section 1(1)  
128 of this act shall be distributed and paid in the manner provided  
129 in Section 1(1) of this act.



130           **SECTION 3.** Section 27-71-5, Mississippi Code of 1972, is  
131 amended as follows:

132           27-71-5. (1) Upon each person approved for a permit under  
133 the provisions of the Alcoholic Beverage Control Law and  
134 amendments thereto, there is levied and imposed for each location  
135 for the privilege of engaging and continuing in this state in the  
136 business authorized by such permit, an annual privilege license  
137 tax in the amount provided in the following schedule:

- 138           (a) Except as otherwise provided in this subsection  
139 (1), manufacturer's permit, Class 1, distiller's and/or  
140 rectifier's.....\$4,500.00
- 141           (b) Manufacturer's permit, Class 2, wine  
142 manufacturer.....\$1,800.00
- 143           (c) Manufacturer's permit, Class 3, native wine  
144 manufacturer per ten thousand (10,000) gallons or part thereof  
145 produced.....\$ 10.00
- 146           (d) Native wine retailer's permit.....\$ 50.00
- 147           (e) Package retailer's permit, each.....\$ 900.00
- 148           (f) On-premises retailer's permit, except for clubs and  
149 common carriers, each.....\$ 450.00
- 150           (g) On-premises retailer's permit for wine of more than  
151 five percent (5%) alcohol by weight, but not more than twenty-one  
152 percent (21%) alcohol by weight, each.....\$ 225.00
- 153           (h) On-premises retailer's permit for clubs...\$ 225.00



154	(i)	On-premises retailer's permit for common carriers,	
155		per car, plane, or other vehicle.....	\$ 120.00
156	(j)	Solicitor's permit, regardless of any other	
157		provision of law, solicitor's permits shall be issued only in the	
158		discretion of the department.....	\$ 100.00
159	(k)	Filing fee for each application except for an	
160		employee identification card.....	\$ 25.00
161	(l)	Temporary permit, Class 1, each.....	\$ 10.00
162	(m)	Temporary permit, Class 2, each.....	\$ 50.00
163	(n)	(i) Caterer's permit.....	\$ 600.00
164		(ii) Caterer's permit for holders of on-premises	
165		retailer's permit.....	\$ 150.00
166	(o)	Research permit.....	\$ 100.00
167	(p)	Temporary permit, Class 3 (wine only).....	\$ 10.00
168	(q)	Special service permit.....	\$ 225.00
169	(r)	Merchant permit.....	\$ 225.00
170	(s)	Temporary wine charitable auction permit..	\$ 10.00
171	(t)	Event venue retailer's permit.....	\$ 225.00
172	(u)	Temporary theatre permit, each.....	\$ 10.00
173	(v)	Charter ship operator's permit.....	\$ 100.00

174 If a person approved for a manufacturer's permit, Class 1,  
175 distiller's permit produces a product with at least fifty-one  
176 percent (51%) of the finished product by volume being obtained  
177 from alcoholic fermentation of grapes, fruits, berries, honey  
178 and/or vegetables grown and produced in Mississippi, and produces



179 all of the product by using not more than one (1) still having a  
180 maximum capacity of one hundred fifty (150) liters, the annual  
181 privilege license tax for such a permit shall be Ten Dollars  
182 (\$10.00) per ten thousand (10,000) gallons or part thereof  
183 produced. Bulk, concentrated or fortified ingredients used for  
184 blending may be produced outside this state and used in producing  
185 such a product.

186 In addition to the filing fee imposed by paragraph (k) of  
187 this subsection, a fee to be determined by the Department of  
188 Revenue may be charged to defray costs incurred to process  
189 applications as well as a fee to defray costs incurred for  
190 conducting investigations related to applications. The additional  
191 fees shall be paid into the State Treasury to the credit of a  
192 special fund account, which is hereby created, and expenditures  
193 therefrom shall be made only to defray the costs incurred by the  
194 Department of Revenue in processing alcoholic beverage  
195 applications and conducting investigations related to alcoholic  
196 beverage applications. Any unencumbered balance remaining in the  
197 special fund account on June 30 of any fiscal year shall lapse  
198 into the State General Fund.

199 All privilege taxes imposed by this section shall be paid in  
200 advance of doing business. The additional privilege tax imposed  
201 for an on-premises retailer's permit based upon purchases shall be  
202 due and payable on demand.





203           (2) (a) There is imposed and shall be collected from each  
204 permittee, except a common carrier, solicitor or a temporary  
205 permittee, by the department, an additional license tax equal to  
206 the amounts imposed under subsection (1) of this section for the  
207 privilege of doing business within any municipality or county in  
208 which the licensee is located.

209                   (b) (i) In addition to the tax imposed in paragraph  
210 (a) of this subsection, there is imposed and shall be collected by  
211 the department from each permittee described in subsection (1)(f),  
212 (g), (h), (m) and (t) of this section, an additional license tax  
213 for the privilege of doing business within any municipality or  
214 county in which the licensee is located in the amount of Two  
215 Hundred Twenty-five Dollars (\$225.00) on purchases exceeding Five  
216 Thousand Dollars (\$5,000.00) and Two Hundred Twenty-five Dollars  
217 (\$225.00) for each additional purchase of Five Thousand Dollars  
218 (\$5,000.00), or fraction thereof.

219                   (ii) In addition to the tax imposed in paragraph  
220 (a) of this subsection, there is imposed and shall be collected by  
221 the department from each permittee described in subsection (1)(n)  
222 and (r) of this section, an additional license tax for the  
223 privilege of doing business within any municipality or county in  
224 which the licensee is located in the amount of Two Hundred Fifty  
225 Dollars (\$250.00) on purchases exceeding Five Thousand Dollars  
226 (\$5,000.00) and Two Hundred Twenty-five Dollars (\$225.00) for each



227 additional purchase of Five Thousand Dollars (\$5,000.00), or  
228 fraction thereof.

229 (iii) Any person who has paid the additional  
230 privilege license tax imposed by this paragraph, and whose permit  
231 is renewed, may add any unused fraction of Five Thousand Dollars  
232 (\$5,000.00) purchases to the first Five Thousand Dollars  
233 (\$5,000.00) purchases authorized by the renewal permit, and no  
234 additional license tax will be required until purchases exceed the  
235 sum of the two (2) figures.

236 (c) If the licensee is located within a municipality,  
237 the department shall pay the amount of additional license tax  
238 collected under this section to the municipality, and if outside a  
239 municipality the department shall pay the additional license tax  
240 to the county in which the licensee is located. Payments by the  
241 department to the respective local government subdivisions shall  
242 be made once each month for any collections during the preceding  
243 month.

244 (3) When an application for any permit, other than for  
245 renewal of a permit, has been rejected by the department, such  
246 decision shall be final. Appeal may be made in the manner  
247 provided by Section 67-1-39. Another application from an  
248 applicant who has been denied a permit shall not be reconsidered  
249 within a twelve-month period.

250 (4) The number of permits issued by the department shall not  
251 be restricted or limited on a population basis; however, the



252 foregoing limitation shall not be construed to preclude the right  
253 of the department to refuse to issue a permit because of the  
254 undesirability of the proposed location.

255 (5) If any person shall engage or continue in any business  
256 which is taxable under this section without having paid the tax as  
257 provided in this section, the person shall be liable for the full  
258 amount of the tax plus a penalty thereon equal to the amount  
259 thereof, and, in addition, shall be punished by a fine of not more  
260 than One Thousand Dollars (\$1,000.00), or by imprisonment in the  
261 county jail for a term of not more than six (6) months, or by both  
262 such fine and imprisonment, in the discretion of the court.

263 (6) It shall be unlawful for any person to consume alcoholic  
264 beverages on the premises of any hotel restaurant, restaurant,  
265 club or the interior of any public place defined in Chapter 1,  
266 Title 67, Mississippi Code of 1972, when the owner or manager  
267 thereof displays in several conspicuous places inside the  
268 establishment and at the entrances of establishment a sign  
269 containing the following language: NO ALCOHOLIC BEVERAGES  
270 ALLOWED.

271 **SECTION 4.** The Commissioner of Revenue may establish a  
272 production pay plan for the Alcoholic Beverage Control Division  
273 Distribution Center warehouse employees to provide for the  
274 efficient operations of the warehouse and related facilities used  
275 for the distribution of alcoholic beverages.



276           **SECTION 5.** Section 1 of this act shall be codified as a new  
277 section in Chapter 71, Title 27, Mississippi Code of 1972.

278           **SECTION 6.** This act shall take effect and be in force from  
279 and after July 1, 2018.

