Subject: Compliance Obligations: Recently Enacted Legislation- HB 27 & HB 28

 Please allow this email to serve as a summary of your compliance obligations related to the following two (2) recently enacted new laws:

**HB 27-Alcohol Excise Tax Increase-First Special Session 2016**

HB 27 increases the current alcohol excise tax rates. The new rates are set forth in the attached Enrolled version of HB 27. The increases become effective April 1, 2016. The increased rates should be assessed and remitted for the first time on reports filed and paid in May, 2016 (reporting activity for April, 2016). The increase should not be assessed and remitted when you file reports in April, 2016, for activity in March, 2016. Otherwise, alcohol excise taxes should be reported and remitted the same way you have been reporting and remitting prior to this new law (subject to HB 28 below). Nothing has changed with regard to who reports and remits alcohol excise taxes.

**HB 28-Discount/Vendor’s Comp for the Collection and Remittance of Alcohol Excise Taxes-First Special Session 2016**

HB 28 decreases discount/vendor’s comp you receive for the timely reporting and remittance of alcohol excise taxes. The decreased rates are set forth in the attached Enrolled version of HB 28. Under current law, dealers are allowed a 2% discount/vendor’s comp for excise taxes on beverages of low alcoholic content and a 3.33% discount/vendor’s comp for the excise taxes on beverages of high alcoholic content. The new law (HB 28) decreases those rates. The new rates are, as follows: 1.5% discount/vendor’s comp for low alcoholic beverages; and 2.5% discount/vendor’s comp for high alcoholic beverages.

HB 28 becomes effective April 1, 2016. The decreased discount/vendor comp rates should be applied for the first time on reports timely filed and paid in May 2016 (reporting activity for April, 2016). The decreased rates should not be applied when you file reports in April, 2016, for activity in March, 2016. When you timely file reports in April, 2016, for activity in March, 2016, use the old/current discount rates (i.e., 2% for low alcohol and 3.33% for high alcohol).

Please let us know if you have any questions or require additional information.