

Memorandum

To: Mr. Ramon J. Hirsig
Executive Director

Date: June 18, 2008

From: 
David J. Gau, Deputy Director
Property and Special Taxes Department

Subject: **Implementation Plan for the Flavored Malt Beverages Regulations**

This memorandum is an update regarding the implementation of the Flavored Malt Beverages (FMB) regulations, which were approved by the Office of Administrative Law (OAL) on June 10, 2008. The OAL subsequently forwarded the regulations to the Secretary of State, which has 30 days to file them. Attached is the FMB Implementation Plan that provides information on accomplishments, current activities and next steps. Highlights regarding implementation efforts are described below:

- On May 22, 2008, Alcoholic Beverage Product List Request letters were mailed to approximately 1,700 registered Beer Manufacturers, Beer and Wine Importers, and Beer Vendors. This letter requires registered businesses to report a listing of their beer type alcoholic beverage products (as classified by the federal Alcohol and Tobacco Tax and Trade Bureau). This information is necessary for staff to identify the alcoholic beverage products that may be subject to taxation as distilled spirits under the regulations. For ease of reporting, staff has created a product listing template that is posted to the Board's website under "Flavored Malt Beverage Developments."
- On June 12, 2008, a Special Notice was mailed to all 4,800 registered accounts under the alcoholic beverage tax program. The notice advises taxpayers that the regulations recently approved by the OAL clarify the definition of "distilled spirits," create a rebuttable presumption that non-wine alcoholic beverages, including flavored malt beverages are "distilled spirits," not "beer," and prescribe a procedure for rebutting the presumption. The rebuttable presumption process, as set by the OAL in their approval of the regulations, becomes effective on July 1, 2008.
- Staff has developed a new tax return for beer manufacturers and importers to report and remit taxes on all distilled spirits, and is revising several reporting forms and schedules based on the regulations. Work continues on educational outreach notices and the development of the rebuttable presumption process and form.

Staff will continue with educational outreach efforts and development of any other necessary technology and/or reporting forms in the upcoming months. I am confident full implementation will be accomplished by October 1, 2008.

With your approval, this item will be placed on the June 26, 2008 Administrative Agenda Calendar under Deputy Director's Report, Property and Special Taxes.

DJG:rp
Attachment

cc: Ms. Diane Olson
Ms. Lynn Bartolo

Approved: 

Ramon J. Hirsig
Executive Director

Flavored Malt Beverage Regulations - Implementation Plan

Item	Tasks	Section	Start Date	Due Date	Status
1	Track OAL/SOS review/approval of draft regulations	ETD, BPD, LD	Aug-07	Jun-08	Completed
2	Obtain exchange information authority from TTB	ETD, LD	Aug-07	Jan-08	Completed
3	Identify product testing laboratory (CDFA)	ETD	Aug-07	Jan-09	In Progress
4	Review State of Maine/other states treatment of FMB	ETD, LD	Aug-07	TBD	Ongoing
5	Revise regulations per initial OAL review	LD, ETD, BP	Jan-08	Mar-08	Completed
6	Review processes and staffing requirements based upon final version of regulations	ETD	Feb-08	Mar-08	Completed
7	Submit Concept Paper & BCP	ETD	Feb-08	Jun-08	Completed
8	Identify impacted alcoholic beverage tax program accounts	ETD	Mar-08	Apr-08	Completed
9	Develop Regulation 2559.1. <i>Rebuttable Presumption</i> form and procedures	ETD, EA, LD	Mar-08	Jul-08	In Progress
10	Develop tax returns and revise necessary schedules	ETD, EA, TSD, LD	Mar-08	Sep-08	In Progress
11	Develop technology system requirements	TSD, ETD	Apr-08	Jun-08	Completed
12	Develop Project Charter	ETD, TSD	Apr-08	Jun-08	Completed
13	Send product listing request to identified alcoholic beverage tax accounts	ETD, TSD	May-08	May-08	Completed
14	Educational Outreach - First Special Notice - OAL Approval of FMB Regulations	ETD, EA, LD	May-08	Jun-08	Completed
15	Conduct training of ETD staff	ETD	Jun-08	Ongoing	In Progress
16	Develop Q&A for staff reference - overview new process	ETD, EA	Jun-08	Jul-08	Completed
17	Develop and clear initial FAQ - post to BOE Website	ETD, EA, LD	Jun-08	Jul-08	In Progress
18	Educational Outreach - Special Notice - Rebuttable Presumption - Reg 2559.1 FORM	ETD, EA, LD	Jun-08	Jul-08	In Progress
19	Develop 2559.1 Website (product list)	ETD, EA	Jun-08	Aug-08	In Progress
20	Develop revised audit procedures due to change in point of taxation for FMB	ETD	Jun-08	Dec-08	In Progress
21	Educational Outreach - Special Notice - Follow-up Reminder	ETD, EA, LD	Jul-08	Sep-08	Next Step
22	Process rebuttable presumption forms	ETD	Jul-08	Ongoing	Next Step
23	Load rebuttable presumption form data to website	ETD	Jul-08	Ongoing	Next Step
24	Educational Outreach - Special Notice - Other (SUTD & PSTD Newsletters)	ETD, EA, LD	Jul-08	TBD	Next Step
25	Educational Outreach - Industry/Trade/Association on site informational presentations	ETD, EA, LD	Jul-08	TBD	Next Step
26	Technology system testing -registration, revenue, difference, payment, refund, delinquency, calendar, assignment control, user security, security deposits	ETD, TSD	Sep-08	Sep-08	Next Step
27	Develop Interagency Agreement & MOU - Lab testing (CDFA)	ETD, FMD, BSS	Sep-08	Feb-09	Next Step
28	Technology system implementation	ETD, TSD	Oct-08	Oct-08	Next Step
29	Technology Post Implementation Review and Report	ETD, TSD	Dec-08	Mar-09	Next Step
30	Project Close - Out and Lessons learned	ETD, TSD	Dec-08	Mar-09	Next Step

BPD - Board Proceedings Division **FMD - Financial Management Division**
BSS - Business Services Section **LD - Legal Department**
EA - External Affairs **TSD - Technology Services Division**
ETD - Excise Taxes Division