Wine Tax

Revenue Description
A tax is levied on table wines and hard ciders imported into Montana by wine distributors or by the Department of Revenue (DOR), as a liquor wholesaler.

Statutory Reference
Tax Rate – 16-1-411(1), MCA; 16-2-301(2), MCA
Tax Distribution – 16-1-411(3), MCA; 16-2-301(2), MCA
Date Due – 15th day of the month following the sale from the distributor's warehouse (16-1-411(2), MCA)

Applicable Tax Rates
A tax of $0.27 is imposed per liter of wine and a tax of $0.037 per liter is imposed on hard cider. An additional tax of $0.01 per liter is imposed on table wine sold by a table wine distributor to an agent.

Collection Frequency: Monthly

Distribution
Wine tax revenue is distributed between the general fund, the Department of Public Health and Human Services (DPHHS) state special revenue alcohol account, and three tribal governments according to intergovernmental agreements between DOR and the tribes. Wine tax revenues are distributed to Blackfeet, Fort Belknap, and Fort Peck according to the following formula: (per capita wine consumption) x (tribal membership) x (Montana tax rate).

The pie chart shows the FY 2014 distribution of wine tax revenue.

General Fund 69.0%
Tribal Distribution 1.4%
DPHHS State Special Revenue 29.6%
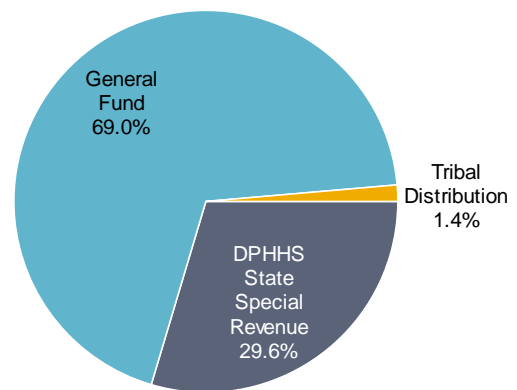
Summary of Legislative Action: No impacting legislation was enacted in the 2015 session.

Revenue Estimate Methodology
Data

The wine tax estimate is based on data obtained from DOR, SABHRS, and IHS. Details on historic tribal distributions are provided by DOR; fiscal year tax collections are from SABHRS; forecasts for independent economic variables are produced by IHS. DOR data are used to develop an effective tax rate accounting for the number of liters of each wine and hard cider sold and the difference in their tax rates. IHS data provide regressors to model number of liters sold.

Analysis

Total tax collections are calculated by multiplying the number of liters sold in a given year by the effective tax rate in that year. The number of liters sold is forecast with a regression model using the independent, IHS-provided values for Montana population over the age of 21. Additionally, the model employs the previous year's barrels sold as an auto-regressive component. This analysis assumes that the effective tax rate remains steady through the biennium.

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2015 Legislature.

	FY	Total Tax $ Millions	GF Tax $ Millions	Effective Tax Rate $ Per Liter	Approximate Liters Sold (Millions)	Montana Pop >= 21 (Millions)
A	2002	$1.816	$1.232	0.268	6.767	0.648
A	2003	1.976	1.340	0.269	7.353	0.656
A	2004	2.104	1.423	0.265	7.938	0.667
A	2005	2.218	1.503	0.269	8.260	0.678
A	2006	2.398	1.624	0.269	8.927	0.690
A	2007	2.620	1.775	0.268	9.789	0.702
A	2008	2.701	1.829	0.268	10.097	0.712
A	2009	2.860	1.936	0.268	10.680	0.720
A	2010	2.857	1.933	0.268	10.673	0.727
A	2011	2.945	1.994	0.267	11.022	0.734
A	2012	3.109	2.104	0.266	11.690	0.742
A	2013	3.244	2.195	0.259	12.510	0.751
A	2014	3.327	2.250	0.249	13.337	0.759
F	2015	3.400	2.298	0.249	13.630	0.767
F	2016	3.499	2.363	0.249	14.026	0.775
F	2017	3.603	2.434	0.249	14.444	0.782

Revenue Projection

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total	1.8	2.0	2.1	2.2	2.4	2.6	2.7	2.9	2.9	2.9	3.1	3.2	3.3	3.4	3.5	3.6
General Fund	1.2	1.3	1.4	1.5	1.6	1.8	1.8	1.9	1.9	2.0	2.1	2.2	2.3	2.3	2.4	2.4