



Liquor Taxes

Beer Taxes

Wine Taxes

Liquor Profits



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www.leg.mt.gov/css/fiscal

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Liquor Excise and License Tax

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor to retail liquor establishments throughout the state. These sales result in profits and taxes that are deposited in various state accounts. An excise tax is collected both on liquor sold by DOR and for liquor purchased outside the state, by airlines and railroads (carriers), for consumption within the state. The department also collects a license tax on the sale of liquor. A portion of the excise tax revenue is returned to Indian tribes through an agreement with the department.

Statutory Reference:

- Tax Rate (MCA) – Excise tax (16-1-401), License tax (16-1-404)
- Tax Distribution (MCA) – Excise tax (16-1-401 & 16-2-108), License tax (16-1-404)
- Date Due – Excise tax is collected at the time of sale and distributed by the 10th day of each month. License tax is collected at the time of sale.

Applicable Tax Rate(s):

Excise Tax Rate

All liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed the liquor is taxed a percentage rate on the retail selling price based on the following number of proof gallons of liquor nationwide in the calendar year preceding imposition of the tax:

- 3.0% - < 20,000 proof gallons
- 8.0% - 20,000 to 50,000 proof gallons
- 13.8% - 50,001 to 200,000 proof gallons
- 16.0% - Over 200,000 proof gallons

The amount of excise taxes paid by carriers includes additional factors related to departures and passenger miles.

License Tax Rate

- 10.0% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax
- 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax

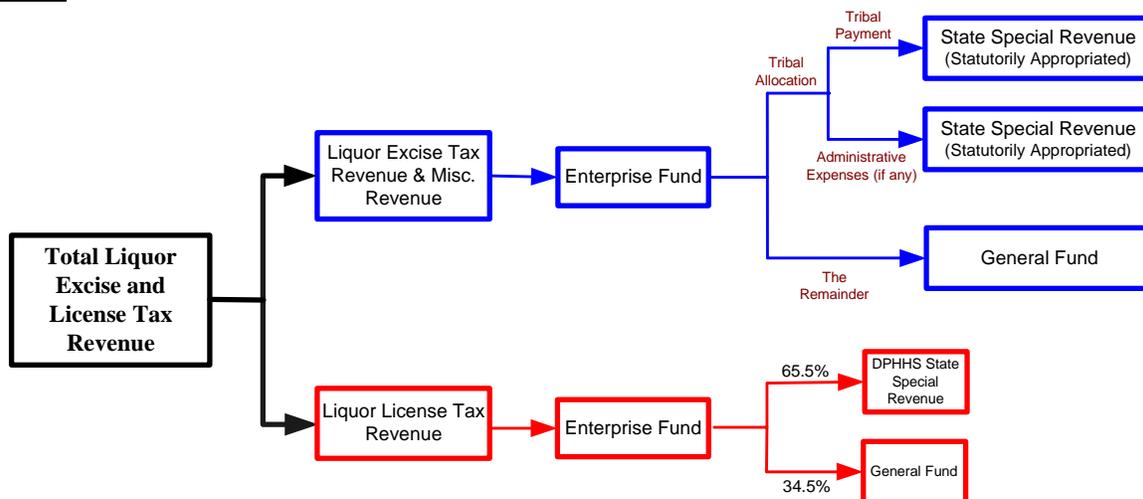
The license tax must be charged and collected on all liquor brought into the state and taxed by DOR. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.

Distribution:

Excise tax revenue, less amounts distributed to Indian tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated to the enterprise fund for transfer 34.5 % to the general fund and 65.5% to the Department of Public Health and Human Services for alcohol treatment and rehabilitation programs.

Distribution Chart:



Beer Tax

Revenue Description: A tax is levied on each barrel of beer (31 gallons) produced in or imported into Montana based on the amount produced. A portion of the revenue from the beer tax is returned to Indian tribes per an agreement between the Department of Revenue and the tribes.

Statutory Reference:

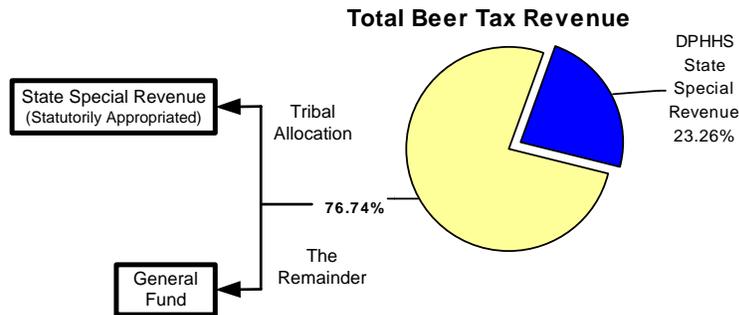
- Tax Rate (MCA) – 16-1-406
- Distribution (MCA) – 16-1-406
- Date Due – end of the month and collected in the next month (16-1-406(2))

Applicable Tax Rate(s): The per barrel tax varies based on barrels of production:

- up to 5,000 barrels - \$1.30
- 5,001 to 10,000 barrels - \$2.30
- 10,001 to 20,000 barrels - \$3.30
- over 20,000 barrels - \$4.30

Distribution: Beer tax revenue is distributed 76.74 percent to the general fund and 23.26 percent to the DPHHS state special revenue alcohol account. The general fund portion is reduced by the amount of the tribal distribution.

Distribution Chart:



Wine Tax

Revenue Description: A wine tax is levied on table wines imported into Montana by wine distributors or by the Department of Revenue (DOR), who is authorized to sell wines to retail liquor establishments throughout the state. A tax is also imposed on hard cider imported by a table wine distributor or DOR. A portion of wine tax revenue is returned to Indian tribes per an agreement between DOR and the tribes.

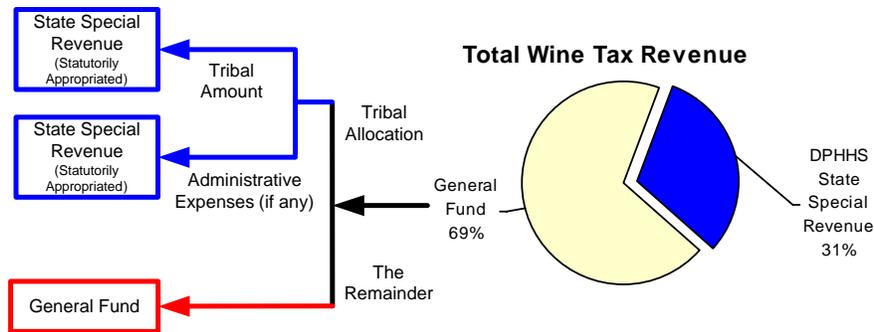
Statutory Reference:

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

Applicable Tax Rate(s): 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.

Distribution: The \$0.01 per liter tax is deposited into the general fund. After expenses and tribal allocations, other wine tax revenue is distributed 69.0% to the general fund and 31.0% to the DPHHS alcohol account. The general fund distribution is reduced by the amount of the tribal agreements.

Distribution Chart:



Liquor Profits

Revenue Description: The Department of Revenue (DOR) is authorized to sell liquor and fortified wine to retail liquor establishments throughout the state. These sales result in profits that are deposited in the general fund. Tax revenues generated from liquor excise and license taxes, as well as wine taxes, are estimated under separate methodologies.

Liquor profits received by the state are primarily generated by a mark-up on the sale of liquor and fortified wine, less costs such as commissions and discounts. House Bill 348 enacted by the 2001 Legislature phased-in liquor store commission increases based on sales volume over a three-year period beginning fiscal 2003. A 40.0 percent mark-up is added to the state's base cost for liquor. The state's mark-up percentage on the base cost of fortified wine (more than 16% but no greater than 24% alcohol by volume) is 51%. The mark-up percentage for both liquor and wine is determined by administrative rule (see ARM 42.11.104).

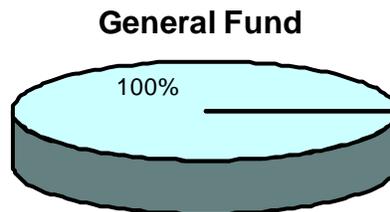
Statutory Reference:

- Tax Rate – Authority to markup the price is found in 16-1-404(2) and ARM 42.11.104
- Tax Distribution (MCA) – 16-2-108(4)
- Date Due – NA

Applicable Tax Rate(s): N/A

Distribution: Liquor profits are deposited in the general fund annually.

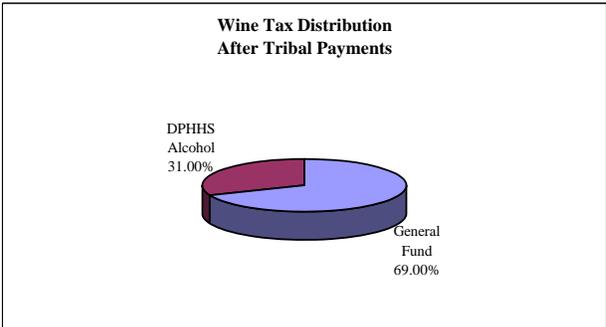
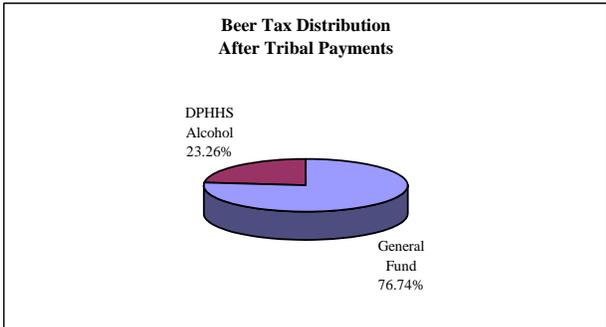
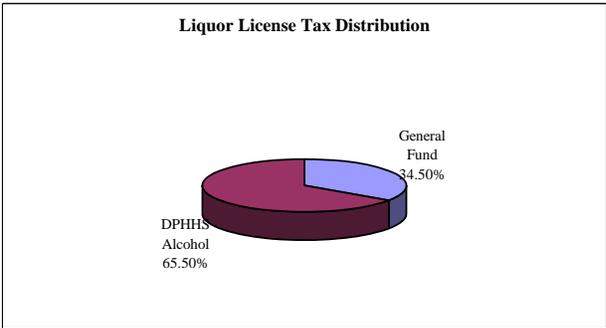
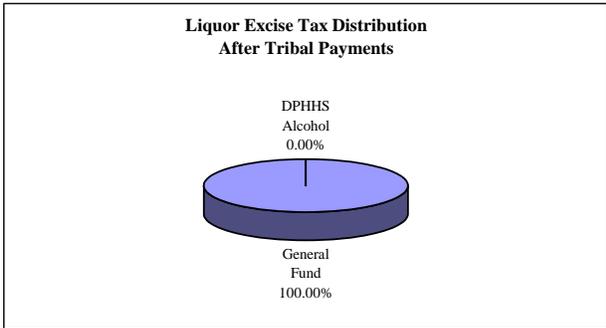
Distribution Chart:



Liquor Tax, Beer Tax, Wine Tax, Liquor Profits - Revenue Distribution Matrix

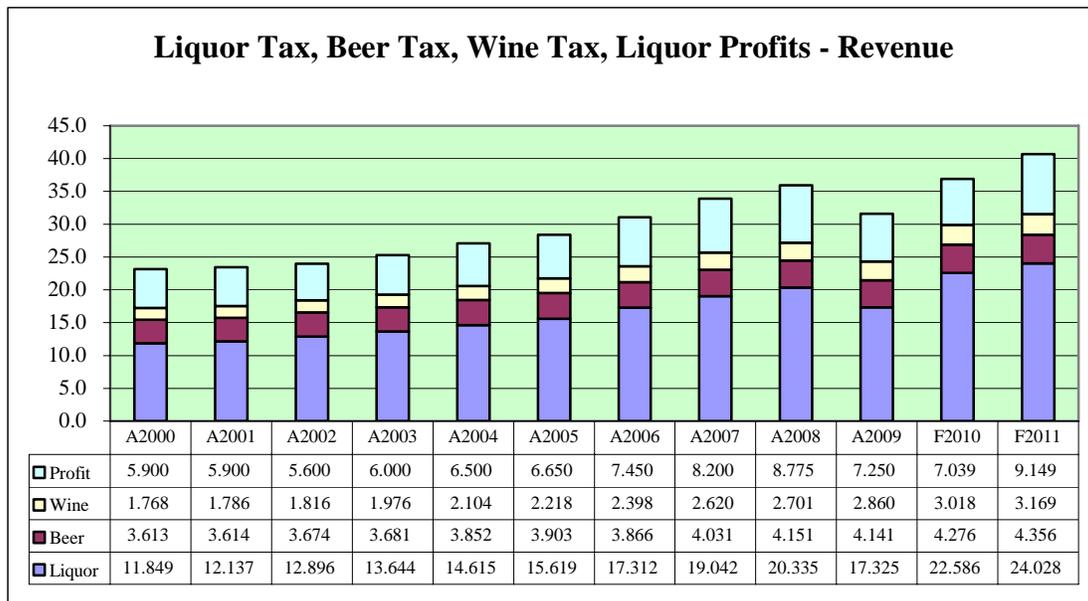
| Revenue Source | 01100 General Fund | 02966 Tribal Agreement | 02034 DPHHS Alcohol |
|---------------------|--------------------------|------------------------------|---------------------------|
| Liquor Excise Tax * | 100.00% | Agreement | 0.00% |
| Liquor License Tax | 34.50% | | 65.50% |
| Beer Tax * | 76.74% | Agreement | 23.26% |
| Wine Tax * | 69.00% | Agreement | 31.00% |
| Liquor Profits | 100.00% | | 0.00% |

* Percentages are applied after distributions to Tribal governments.



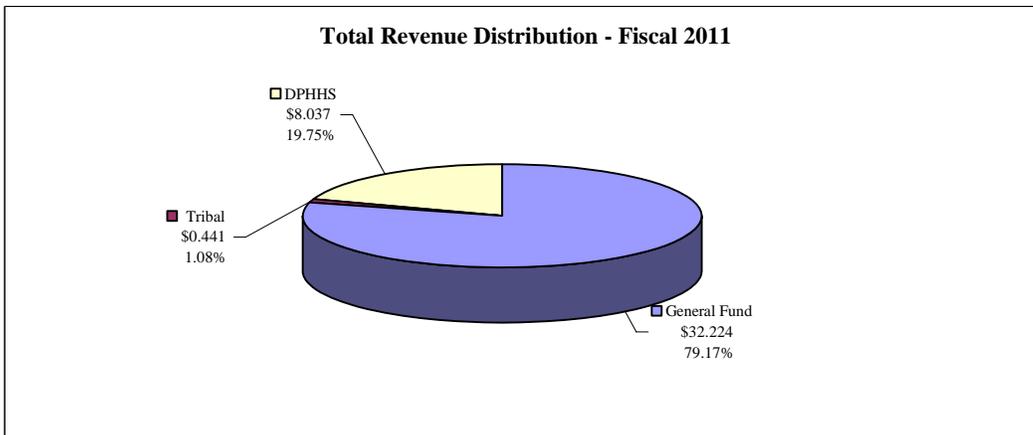
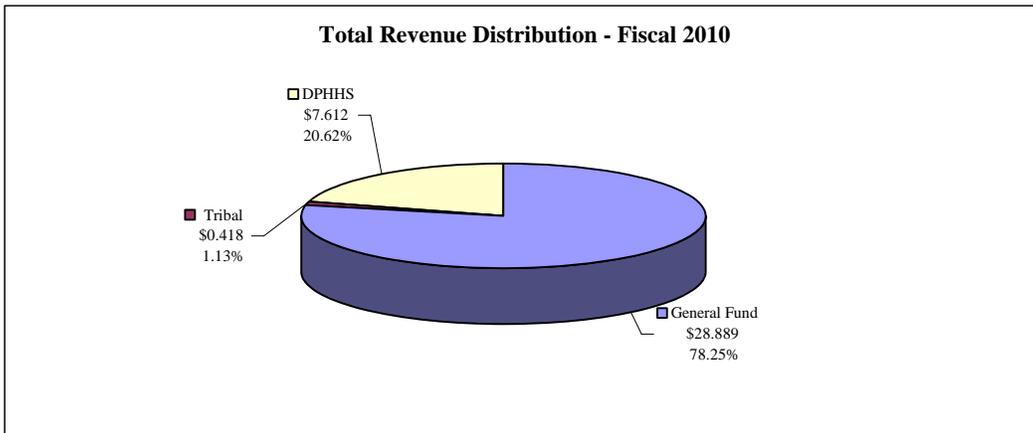
Liquor Tax, Beer Tax, Wine Tax, Liquor Profits - Revenue

| Fiscal Year | Liquor Tax | Beer Tax | Wine Tax | Total Tax | Liquor Profits | Total Revenue |
|-------------|------------|-----------|-----------|------------|----------------|---------------|
| A 2000 | 11,849,398 | 3,613,076 | 1,767,654 | 17,230,128 | 5,900,000 | 23,130,128 |
| A 2001 | 12,137,309 | 3,614,271 | 1,786,403 | 17,537,983 | 5,900,000 | 23,437,983 |
| A 2002 | 12,895,945 | 3,673,818 | 1,815,798 | 18,385,561 | 5,600,000 | 23,985,561 |
| A 2003 | 13,644,481 | 3,680,560 | 1,976,257 | 19,301,298 | 6,000,000 | 25,301,298 |
| A 2004 | 14,615,466 | 3,852,302 | 2,104,356 | 20,572,124 | 6,500,000 | 27,072,124 |
| A 2005 | 15,618,636 | 3,903,377 | 2,217,968 | 21,739,981 | 6,650,000 | 28,389,981 |
| A 2006 | 17,311,703 | 3,866,022 | 2,397,695 | 23,575,420 | 7,450,000 | 31,025,420 |
| A 2007 | 19,041,907 | 4,030,526 | 2,619,911 | 25,692,344 | 8,200,000 | 33,892,344 |
| A 2008 | 20,335,090 | 4,150,714 | 2,701,397 | 27,187,201 | 8,775,000 | 35,962,201 |
| A 2009 | 17,324,804 | 4,141,236 | 2,859,963 | 24,326,003 | 7,250,000 | 31,576,003 |
| F 2010 | 22,586,000 | 4,276,000 | 3,018,000 | 29,880,000 | 7,039,000 | 36,919,000 |
| F 2011 | 24,028,000 | 4,356,000 | 3,169,000 | 31,553,000 | 9,149,000 | 40,702,000 |



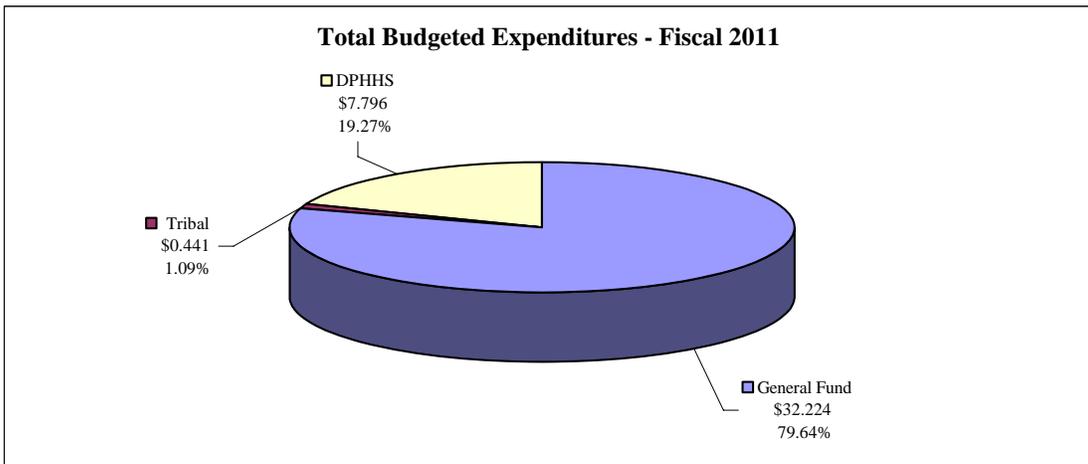
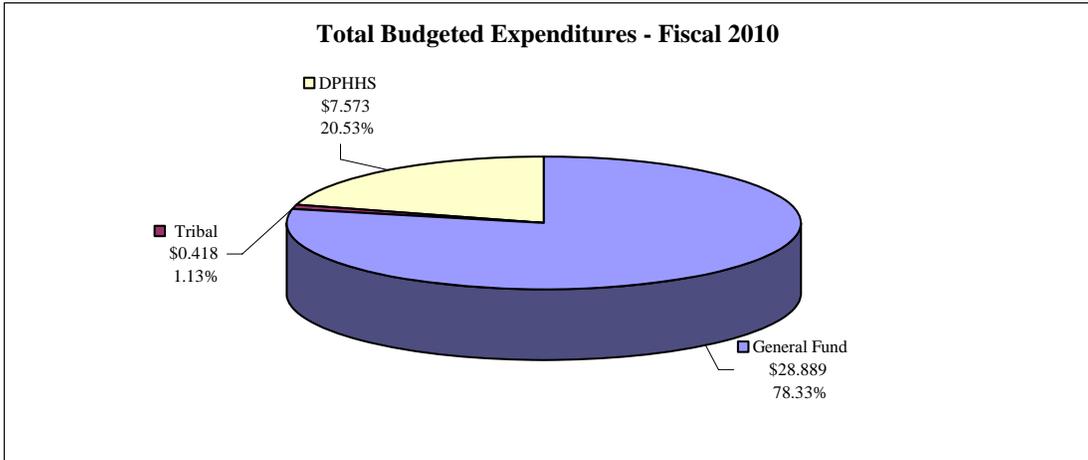
Liquor Tax, Beer Tax, Wine Tax, Liquor Profits - Revenue Distribution By Fund

| Fiscal Year | 01100 General Fund | 02966 Tribal Agreement | 02442 Local Assistance | 02034 DPHHS Alcohol | Total Revenue |
|-------------|--------------------|------------------------|------------------------|---------------------|---------------|
| A 2000 | 14,458,678 | 194,728 | 4,102,327 | 4,374,395 | 23,130,128 |
| A 2001 | 14,660,173 | 183,504 | 4,142,381 | 4,451,924 | 23,437,983 |
| A 2002 | 19,129,296 | 190,218 | 1 | 4,666,047 | 23,985,562 |
| A 2003 | 20,153,742 | 242,535 | 0 | 4,905,021 | 25,301,298 |
| A 2004 | 21,538,226 | 304,929 | 0 | 5,228,968 | 27,072,124 |
| A 2005 | 22,557,913 | 303,778 | 0 | 5,528,289 | 28,389,980 |
| A 2006 | 24,690,807 | 332,373 | 0 | 6,002,240 | 31,025,420 |
| A 2007 | 26,990,796 | 356,236 | 0 | 6,545,311 | 33,892,343 |
| A 2008 | 28,653,606 | 384,155 | 0 | 6,924,441 | 35,962,202 |
| A 2009 | 24,951,683 | 411,797 | 0 | 6,212,522 | 31,576,002 |
| F 2010 | 28,889,000 | 418,000 | 0 | 7,612,000 | 36,919,000 |
| F 2011 | 32,224,000 | 441,000 | 0 | 8,037,000 | 40,702,000 |



Liquor Tax, Beer Tax, Wine Tax, Liquor Profits - Expenditures/Appropriations By Fund

| Fiscal Year | 01100 General Fund | 02966 Tribal Agreement | 02442 Local Assistance | 02034 DPHHS Alcohol | Total Expenditures |
|-------------|--------------------|------------------------|------------------------|---------------------|--------------------|
| A 2000 | 14,458,678 | 194,728 | 4,124,819 | 3,811,735 | 22,589,960 |
| A 2001 | 14,660,173 | 183,504 | 4,123,584 | 5,250,569 | 24,217,830 |
| A 2002 | 19,129,296 | 190,218 | (33,810) | 4,696,747 | 23,982,451 |
| A 2003 | 20,153,742 | 242,535 | 0 | 4,995,529 | 25,391,806 |
| A 2004 | 21,538,226 | 304,929 | 0 | 5,032,932 | 26,876,087 |
| A 2005 | 22,557,913 | 303,778 | 0 | 5,525,810 | 28,387,501 |
| A 2006 | 24,690,807 | 332,373 | 0 | 6,320,939 | 31,344,119 |
| A 2007 | 26,990,796 | 356,236 | 0 | 6,585,714 | 33,932,746 |
| A 2008 | 28,653,606 | 384,155 | 0 | 6,578,953 | 35,616,714 |
| A 2009 | 24,951,683 | 411,797 | 0 | 7,702,623 | 33,066,103 |
| F 2010 | 28,889,000 | 418,000 | 0 | 7,572,811 | 36,879,811 |
| F 2011 | 32,224,000 | 441,000 | 0 | 7,796,187 | 40,461,187 |



State Sales, Gasoline, Cigarette, and Alcohol Taxes

As of July 1, 2009

2009's noteworthy changes in bold

| | Sales Tax (a) | Gas Tax (Per Gallon) (k, l) | Cigarette Tax (Per Pack) | Spirits Tax (Per Gallon) | Table Wine Tax (Per Gallon) | Beer Tax (Per Gallon) |
|---------------|------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| Alabama | 4% | \$0.209 | \$0.425 | \$16.17 (n) | \$1.70 | \$1.05 (u) |
| Alaska | none | \$0.08 (f) | \$2.00 | \$12.80 | \$2.50 | \$1.07 |
| Arizona | 5.6% (b) | \$0.19 | \$2.00 | \$3.00 | \$0.84 | \$0.16 |
| Arkansas | 6% | \$0.218 | \$1.15 | \$2.58 | \$0.77 | \$0.21 |
| California | 8.25% (w) | \$0.399 | \$0.87 | \$3.30 | \$0.20 | \$0.20 |
| Colorado | 2.9% | \$0.22 | \$0.84 | \$2.28 | \$0.28 | \$0.08 |
| Connecticut | 6% | \$0.364 | \$2.00 | \$4.50 | \$0.60 | \$0.20 |
| Delaware | 2.07% (c) | \$0.23 | \$1.15 | \$5.46 | \$0.97 | \$0.16 |
| Florida | 6% | \$0.345 | \$1.339 | \$6.50 | \$2.25 | \$0.48 |
| Georgia | 4% | \$0.124 | \$0.37 | \$3.79 | \$1.51 | \$1.01 (v) |
| Hawaii | 4% (d) | \$0.336 | \$2.60 (m) | \$5.98 | \$1.38 | \$0.93 |
| Idaho | 6% | \$0.25 | \$0.57 | \$10.00 (n) | \$0.45 | \$0.15 |
| Illinois | 6.25% | \$0.338 | \$0.98 | \$4.50 | \$0.73 | \$0.185 |
| Indiana | 7% | \$0.297 | \$0.995 | \$2.68 | \$0.47 | \$0.115 |
| Iowa | 6% | \$0.22 | \$1.36 | \$11.32 (n) | \$1.75 | \$0.19 |
| Kansas | 5.3% | \$0.25 | \$0.79 | \$2.50 | \$0.30 | \$0.18 |
| Kentucky | 6% (e) | \$0.225 | \$0.60 | \$1.92 (o) | \$0.50 (o) | \$0.08 (o) |
| Louisiana | 4% | \$0.20 | \$0.36 | \$2.50 | \$0.11 | \$0.32 |
| Maine | 5% | \$0.299 | \$2.00 | \$5.10 (n) | \$0.60 | \$0.35 |
| Maryland | 6% | \$0.235 | \$2.00 | \$1.50 | \$0.40 | \$0.09 |
| Massachusetts | 6.25% | \$0.235 | \$2.51 | \$4.05 | \$0.55 | \$0.11 |
| Michigan | 6% | \$0.309 | \$2.00 | \$11.65 (n) | \$0.51 | \$0.20 |
| Minnesota | 6.875% | \$0.256 | \$1.504 | \$5.03 | \$0.30 | \$0.15 |
| Mississippi | 7% | \$0.188 | \$0.68 | \$6.75 (n) | \$0.427 | \$0.427 |
| Missouri | 4.225% | \$0.173 | \$0.17 | \$2.00 | \$0.42 | \$0.06 |
| Montana | none | \$0.278 | \$1.70 | \$7.90 (n) | \$1.06 | \$0.14 |
| Nebraska | 5.5% | \$0.273 | \$0.64 | \$3.75 | \$0.95 | \$0.31 |
| Nevada | 6.85% | \$0.331 | \$0.80 | \$3.60 | \$0.70 | \$0.16 |
| New Hampshire | none | \$0.196 | \$1.78 | (q) | (p) | \$0.30 |
| New Jersey | 7% | \$0.145 | \$2.70 | \$5.50 | \$0.875 | \$0.12 |
| New Mexico | 5.375% (g) | \$0.188 | \$0.91 | \$6.06 | \$1.70 | \$0.41 |
| New York | 4% | \$0.425 | \$2.75 | \$6.44 | \$0.30 | \$0.14 |
| N. Carolina | 4.5% | \$0.302 | \$0.35 | \$9.94 (n) | \$0.79 | \$0.53 |
| N. Dakota | 5% | \$0.23 | \$0.44 | \$2.50 | \$0.50 | \$0.16 |
| Ohio | 5.5% (h) | \$0.28 | \$1.25 | \$8.73 (n) | \$0.32 | \$0.18 |
| Oklahoma | 4.5% | \$0.17 | \$1.03 | \$5.56 | \$0.72 | \$0.40 |
| Oregon | none | \$0.25 | \$1.18 | \$20.76 (n) | \$0.67 | \$0.0839 |
| Pennsylvania | 6% | \$0.323 | \$1.35 | \$6.65 (n) | (p) | \$0.08 |
| Rhode Island | 7% | \$0.31 | \$3.46 | \$3.75 | \$0.60 | \$0.11 |
| S. Carolina | 6% | \$0.168 | \$0.07 | \$5.42 (t) | \$1.08 | \$0.77 |
| S. Dakota | 4% | \$0.24 | \$1.53 | \$3.93 (s) | \$0.93 (s) | \$0.27 |
| Tennessee | 7% | \$0.214 | \$0.62 | \$4.40 | \$1.21 | \$0.14 (r) |
| Texas | 6.25% (i) | \$0.20 | \$1.41 | \$2.40 | \$0.204 | \$0.20 |
| Utah | 5.95% (w) | \$0.245 | \$0.695 | \$11.12 (n) | (p) | \$0.41 |
| Vermont | 6% | \$0.20 | \$2.24 | (q) | \$0.55 | \$0.265 |
| Virginia | 5% (w) | \$0.191 | \$0.30 | \$19.00 (n) | \$1.51 | \$0.2565 |
| Washington | 6.5% (j) | \$0.375 | \$2.025 | \$19.51 (n) | \$0.87 | \$0.26 |
| West Virginia | 6% | \$0.322 | \$0.55 | \$2.05 (n) | \$1.00 | \$0.18 |
| Wisconsin | 5% | \$0.329 | \$2.52 | \$3.25 | \$0.25 | \$0.06 |
| Wyoming | 4% | \$0.14 | \$0.60 | (q) | (p) | \$0.019 |
| D.C. | 5.75% | \$0.20 | \$2.00 | \$1.50 | \$0.30 | \$0.09 |

Appendix

- (a) In addition to sales taxes some states levy gross receipts taxes (GRTs). GRTs are collected at the firm level instead of at retail, and apply to a broad range of intermediate goods, unlike sales taxes which in principle should apply only to end products. Some states levy only a GRT, and some levy both a GRT and a sales tax.
- (b) Arizona has no sales tax but does have a 5.6% GRT called the transaction privilege tax.
- (c) Delaware has no sales tax but does have a GRT. Business and occupational gross receipts tax rates range from 0.104% to 2.07%, depending on the business activity.
- (d) Hawaii has no sales tax but does have a GRT. The rate varies depending on the business activity; it is 0.15% on insurance commissions, 0.5% on certain activities such as wholesaling, and 4% on most activities at the consumer level.
- (e) Kentucky has a GRT called the limited liability entity tax (LLET) in addition to its 6% sales tax. Corporations pay the LLET, which is the lesser of 0.095% of gross receipts or 0.75% of gross profits. The tax phases in between \$3 million and \$6 million of gross receipts or profits. Minimum tax \$175.
- (f) Alaska's 8 cents per gallon tax is suspended from 9/1/08 through 8/31/09.
- (g) New Mexico has no sales tax but does have a GRT. The rate varies by municipality, with a minimum of 5.375%.
- (h) Ohio has a GRT that is levied in addition to its 5.5% sales tax. It is called the commercial activity tax (CAT), and it is being phased in to replace Ohio's Corporate Franchise Tax. Firms with receipts over \$1 million pay the CAT; firms with receipts between \$150K and \$1 million pay a minimum tax of \$150. The rate from April 2008 through March 2009 is 0.208% and will increase to the final rate of 0.26% on 4/1/2009.
- (i) Texas has a GRT that is levied in addition to its 6.25% sales tax. It is called the franchise tax and the rate is 1% (.5% for retailers).
- (j) Washington has a GRT in addition to its 6.5% sales tax. It is called the business and occupation Tax and is levied at various rates. The major rates are 0.471% for retail sales, 0.484% for wholesale and manufacturing, and 1.5% for service and other activities.
- (k) In addition to the 18.4 cpg Federal gasoline tax.
- (l) The American Petroleum Institute has developed a methodology for determining the average tax rate on a gallon of fuel. Rates may include any of the following: excise taxes, environmental fees, storage tank fees, other fees or taxes, general sales tax, and local taxes. In states where gasoline is subject to the general sales tax, or where the fuel tax is based on the average sale price, the average rate determined by API is sensitive to changes in the price of gasoline. States that fully or partially apply general sales taxes to gasoline: CA, CO, GA, IL, IN, MI, NY. Rates shown are as of April 3, 2009.
- (m) Hawaii's cigarette excise tax will increase to \$2.80 on July 1, 2010 and \$3.00 on July 1, 2011.
- (n) States where the state government controls all sales. The implied excise tax rate is calculated using methodology designed by the Distilled Spirits Council of the United States (DISCUS).
- (o) There is an additional 11% wholesale sales tax on all alcoholic beverages.
- (p) All wine sales are through state-run stores. Revenue in these states is generated from various taxes, fees and net profits.
- (q) Control state where the implied excise tax rate as calculated by DISCUS is less than zero.
- (r) There is an additional 17% wholesale tax on beer.
- (s) There is an additional 2% wholesale tax on wine and spirits.
- (t) Includes a wholesale tax of \$5.36 per case.
- (u) Includes a local rate of \$0.52 per gallon statewide.
- (v) Includes a local rate of \$0.53 per gallon statewide.
- (w) California and Virginia rates each include a 1% statewide local sales tax rate. Utah rate includes a 1.25% statewide local sales tax rate.

Sources: American Petroleum Institute, state revenue departments, Distilled Spirits Council of the U.S., Commerce Clearing House, and Tax Foundation.

Tax Foundation
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www.taxfoundation.org

