

# Montana Legislative Fiscal Division Revenue Source Profile

Updated through June 2014

## 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 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 Native American tribes through an agreement with DOR.

### Statutory Reference

Tax Rate – Excise tax: [16-1-401, MCA](#); License tax: [16-1-404, MCA](#)

Tax Distribution – Excise tax: [16-1-401, MCA](#) & [16-2-108, MCA](#); License tax: [16-1-404, MCA](#)

Date Due – Excise tax is collected at the time of sale and distributed by the 10<sup>th</sup> day of each month. License tax is collected at the time of sale.

### Applicable Tax Rates

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:

#### Excise Tax Rate

- 3.0% – Less than 20,000 proof gallons
- 8.0% – 20,000 to 50,000 proof gallons
- 13.8% – 50,001 to 200,000 proof gallons
- 16.0% – More than 200,000 proof gallons

#### License Tax Rate

- 10.0% – More than 200,000 proof gallons
- 8.6% – Not more than 200,000 proof gallons

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.

**Collection Frequency:** Both the liquor excise tax and the license tax on liquor are collected at the time of the sale and delivery of liquor. Deposits to the general fund are made monthly.

### Distribution

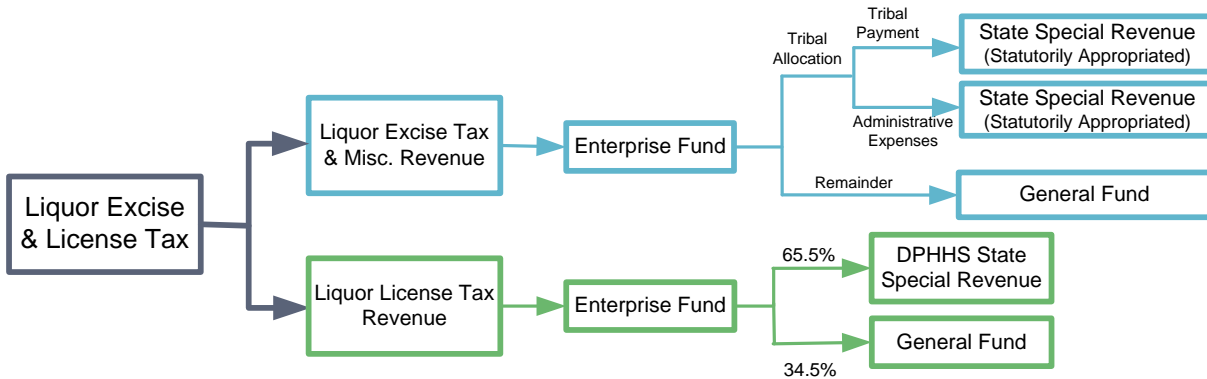
Excise tax revenue, less amounts distributed to the tribes, is deposited in the enterprise fund for transfer to the general fund.

License tax revenue is allocated to the enterprise fund for transfer to the general fund and to the Department of Public Health and Human Services (DPHHS) for alcohol treatment and rehabilitation programs, per the distribution chart below.

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### Revenue History

