

SENATE BILL NO. 339

INTRODUCED BY J. COHENOUR

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A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE LIQUOR EXCISE TAX AND LIQUOR LICENSE TAX RATES; AMENDING SECTIONS 16-1-401 AND 16-1-404, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 16-1-401, MCA, is amended to read:

**"16-1-401. Liquor excise tax.** (1) Except as provided in subsection (3), the department shall collect at the time of the sale and delivery of any liquor as authorized under any provision of the laws of the state of Montana an excise tax at a rate that is the percent of the retail selling price determined in accordance with the following schedule based on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed the liquor and sold the specified number of proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section:

Nationwide production	Tax rate
Less than 20,000 proof gallons	<del>3%</del> <u>3.9%</u>
20,000 to 50,000 proof gallons	<del>8%</del> <u>10.4%</u>
50,001 to 200,000 proof gallons	<del>13.8%</del> <u>17.94%</u>
Over 200,000 proof gallons	<del>16%</del> <u>20.8%</u>

(2) The department shall retain the amount of the excise tax received in a separate account and shall, in accordance with the provisions of 17-2-124, deposit, to the credit of the general fund, the amount collected and received not later than the 10th day of each month.

(3) The following are exempt from the tax imposed by this section:

(a) flavors and other nonbeverage ingredients containing alcohol that are imported or purchased by a brewery under conditions set by the department as provided in 16-3-214; and

(b) necessary distilled spirits imported in bulk for use by a distillery or microdistillery under conditions set by the department as provided in 16-4-311 and 16-4-312."

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2           **Section 2.** Section 16-1-404, MCA, is amended to read:

3           "**16-1-404. License tax on liquor -- amount -- distribution of proceeds.** (1) Except as provided in  
4 subsection (4), the department shall collect at the time of sale and delivery of any liquor under any provisions of  
5 the laws of the state of Montana a license tax of:

6           (a) ~~40%~~ 13% of the retail selling price on all liquor sold and delivered in the state by a company that  
7 manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor  
8 nationwide in the calendar year preceding imposition of the tax pursuant to this section;

9           (b) ~~8.6%~~ 11.18% of the retail selling price on all liquor sold and delivered in the state by a company that  
10 manufactured, distilled, rectified, bottled, or processed and that sold more than 50,000 proof gallons but not more  
11 than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to  
12 this section;

13           (c) ~~2%~~ 2.6% of the retail selling price on all liquor sold and delivered in the state by a company that  
14 manufactured, distilled, rectified, bottled, or processed and that sold not more than 50,000 proof gallons of liquor  
15 nationwide in the calendar year preceding imposition of the tax pursuant to this section.

16           (2) The license tax must be charged and collected on all liquor produced in or brought into the state and  
17 taxed by the department. The retail selling price must be computed by adding to the cost of the liquor the state  
18 markup of 40.5% for all liquor other than sacramental wine, for which the markup must be 20%, and fortified wine  
19 containing more than 16% but not more than 24% alcohol by volume, for which the markup must be 51%. The  
20 license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax.  
21 The department shall retain in a separate account the amount of the license tax received. The department, in  
22 accordance with the provisions of 17-2-124, shall allocate the revenue as follows:

23           (a) Thirty-four and one-half percent is allocated to the state general fund.

24           (b) Sixty-five and one-half percent must be deposited in the state special revenue fund to the credit of  
25 the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism  
26 and chemical dependency.

27           (3) The license tax proceeds that are allocated to the department of public health and human services  
28 for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency must be credited  
29 quarterly to the department of public health and human services. The legislature may appropriate a portion of the  
30 license tax proceeds to support alcohol and chemical dependency programs. The remainder must be distributed

1 as provided in 53-24-206.

2 (4) The following are exempt from the tax and markup imposed by this section:

3 (a) flavors and other nonbeverage ingredients containing alcohol that are imported or purchased by a  
4 brewery under conditions set by the department as provided in 16-3-214; and

5 (b) necessary distilled spirits imported in bulk for use by a distillery or microdistillery under conditions  
6 set by the department as provided in 16-4-311 and 16-4-312."

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8 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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10 NEW SECTION. **Section 4. Applicability.** [This act] applies to payments for sale and delivery beginning  
11 August 1, 2019.

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