

ALCOHOL TAXES

LEGISLATOR NOTICE

The Legislative Services Division is required to offer a brief history on the subject matter of a bill draft request prior to drafting. (5-4-105, MCA; [Chapter 309, Laws of 2017](#)) The history must include related legislation introduced over the last five sessions and hyperlinks to the bill, hearing information, and fiscal notes. The legislation links below open to the page showing the status and history of bills introduced on this topic in the past. The bill text and any related fiscal notes can be accessed through the link at the top of that page.

Legislation can be complex and this history is not intended to be exhaustive. Please contact the drafter of the requested bill for more information.

Background Materials and Research

Topic Summary: Alcohol taxes are contained mostly in [Title 16, chapter 1, part 4](#) and vary for liquor, beer, and wine.

Liquor Taxes

Liquor is subject to an excise tax and a license tax. The [liquor excise tax](#) rate is a percentage of the retail sales price of all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed the liquor. The tax rate is based on nationwide production as shown in the table below. The liquor excise tax is deposited in the general fund.

Nationwide Production	Excise Tax Rate
Less than 20,000 proof gallons	3%
20,000 to 50,000 proof gallons	8%
50,001 to 200,000 proof gallons	13.8%
Over 200,000 proof gallons	16%

The [liquor license tax](#) is a percentage of the retail sales price and is based on nationwide sales as shown in the following table.

ALCOHOL TAXES

Nationwide Sales	License Tax Rate
Not more than 50,000 proof gallons	2%
50,001 to 200,000 proof gallons	8.6%
More than 200,000 proof gallons	10%

Liquor license tax revenue is deposited as follows:

- 34.5% in the state general fund; and
- 65.5% in the state special revenue fund to the credit of the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

Beer Taxes

The [tax on beer](#) is based on the total number of 31-gallon barrels of beer produced by a brewer in a year as shown in the table below.

Barrels Produced	Tax Per Barrel
Up to 5,000 barrels	\$1.30
5,001 barrels to 10,000 barrels	\$2.30
More than 10,000 barrels	\$4.30

Beer tax revenue is deposited as follows:

- 23.26% in the state special revenue fund to the credit of the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency; and
- the remainder in the state general fund.

Wine Taxes

Sacramental [wine](#) and table wine are taxed at 27 cents per liter and [hard cider](#) is taxed at 3.7 cents per liter. Sixty-nine percent of the revenue is deposited in the state general fund and 31% of the revenue is deposited in the state special revenue fund to the credit of the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

There is an [additional tax](#) of 1 cent per liter on table wine sold by a distributor to an agency liquor store. The revenue is deposited in the state general fund.

Legislative Services Division Materials:

[HJ 35: Beer Tax](#) -- Megan Moore, September 2019

ALCOHOL TAXES

[HJ 35: Liquor Taxes](#) -- Megan Moore, September 2019

[HJ 35: Wine Tax](#) -- Megan Moore, September 2019

Other Materials:

Legislative Fiscal Division

[Liquor Taxes, Beer Taxes, Wine Taxes, Liquor Profits](#) – Terry W. Johnson, August 2009

Department of Revenue

[Biennial Reports](#) (2006-2008 biennium to present)

[Alcohol Beverage Tax Information](#)

Introduced Legislation

2021

None

2019

[House Bill No. 84](#) -- Chapter Number Assigned -- AN ACT REVISING TAXATION AND REPORTING LAWS FOR WINE AND HARD CIDER; REVISING THE PROCESS FOR REGISTERED WINERIES TO PAY TAXES; PROVIDING FOR ELECTRONIC FILING OF RETURNS AND PAYMENT OF TAXES FOR WINERIES; AND AMENDING SECTIONS 16-1-411, 16-3-411, AND 16-4-1102, MCA.

[House Bill No. 650](#) -- (H) Died in Standing Committee -- AN ACT GENERALLY REVISING ALCOHOL LAWS; INCREASING ALCOHOL TAXES; INCREASING THE LIQUOR EXCISE TAX, THE TAX ON LIQUOR, THE TAX ON BEER, THE TAX ON WINE AND HARD CIDER, AND THE ADDITIONAL TAX ON CERTAIN TABLE WINE; AMENDING SECTIONS 16-1-401, 16-1-404, 16-1-406, 16-1-411, AND 16-2-301, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 339](#) -- (S) Died in Standing Committee -- 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.

2017

[House Bill No. 541](#) – Chapter Number Assigned -- AN ACT REVISING THE DEFINITION OF SMALL BREWERY; INCREASING THE NUMBER OF BARRELS A BREWERY MAY PRODUCE TO QUALIFY AS A SMALL BREWERY; REQUIRING THAT THE PRODUCTION OF AFFILIATED MANUFACTURERS AND BEER PURCHASED FROM OTHER BREWERIES MUST BE USED IN DETERMINING THE AMOUNT OF PRODUCTION; REVISING TAXES IMPOSED ON PRODUCTION BY BREWERS; AND AMENDING SECTIONS 16-1-406, 16-3-213, AND 16-4-501, MCA.

ALCOHOL TAXES

[Senate Bill No. 191](#) – (S) Adverse Committee Report Adopted -- AN ACT INCREASING THE TAX RATE FOR WINE; AMENDING SECTION 16-1-411, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 328](#) – (S) Died in Standing Committee -- AN ACT INCREASING ALCOHOL TAXES; INCREASING THE LIQUOR EXCISE TAX, THE LICENSE TAX ON LIQUOR, THE TAX ON BEER, THE TAX ON WINE AND HARD CIDER, AND THE ADDITIONAL TAX ON CERTAIN TABLE WINE; AMENDING SECTIONS 16-1-401, 16-1-404, 16-1-406, 16-1-411, AND 16-2-301, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

2015

None

2013

[House Bill No. 402](#) – Chapter Number Assigned -- AN ACT GENERALLY REVISING LAWS RELATED TO THE DIRECT SHIPMENT OF TABLE WINE TO INDIVIDUAL CONSUMERS; PROVIDING FOR A DIRECT SHIPMENT ENDORSEMENT TO WINERIES FOR SELLING DIRECTLY TO INDIVIDUAL CONSUMERS IN MONTANA; PROVIDING REQUIREMENTS AND FEES FOR A WINERY WITH A DIRECT SHIPMENT ENDORSEMENT; PROVIDING PENALTIES; EXTENDING RULEMAKING AUTHORITY; REVISING THE CONNOISSEUR'S LICENSE TO ELIMINATE ITS APPLICATION TO WINE; AND AMENDING SECTIONS 16-1-411, 16-3-402, 16-3-411, 16-4-107, 16-4-901, 16-4-902, 16-4-903, 16-4-906, AND 16-6-301, MCA.

[House Bill No. 425](#) – (H) Died in Standing Committee -- AN ACT REVISING LAWS RELATED TO THE SALE OF FORTIFIED WINE; AUTHORIZING THE SALE OF FORTIFIED WINE BY A PERSON LICENSED TO SELL BEER OR WINE FOR OFF-PREMISES CONSUMPTION; ALLOWING THE DIRECT PURCHASE OF FORTIFIED WINE FROM AN AGENCY LIQUOR STORE BY A PERSON LICENSED TO SELL BEER OR WINE FOR OFF-PREMISES CONSUMPTION; ALLOWING TABLE WINE DISTRIBUTORS TO DISTRIBUTE FORTIFIED WINE; REVISING TAXES RELATED TO SALES OF FORTIFIED WINE; AND AMENDING SECTIONS 16-1-106, 16-1-201, 16-1-411, 16-2-101, 16-2-103, 16-2-106, 16-2-203, 16-2-301, 16-3-106, 16-3-218, 16-3-301, 16-3-402, 16-3-403, 16-3-404, 16-3-405, 16-3-406, 16-3-411, 16-3-415, 16-3-416, 16-3-418, 16-3-419, 16-4-107, 16-4-108, AND 16-4-115, MCA.

[Senate Bill No. 266](#) – Chapter Number Assigned -- AN ACT REVISING LAWS RELATED TO SACRAMENTAL WINE; AMENDING SECTIONS 16-1-106, 16-1-411, 16-3-218, 16-3-402, 16-4-108, AND 16-4-313, MCA; AND PROVIDING AN EFFECTIVE DATE.

2011

[Senate Bill No. 389](#) – Chapter Number Assigned -- AN ACT ALLOWING A BREWERY TO IMPORT OR PURCHASE NECESSARY NONBEVERAGE INGREDIENTS CONTAINING ALCOHOL AS INGREDIENTS FOR BLENDING OR MANUFACTURING PURPOSES; REQUIRING THE DEPARTMENT OF REVENUE TO ESTABLISH CONDITIONS FOR THE IMPORTATION OR PURCHASE; PROVIDING THAT THE NONBEVERAGE INGREDIENTS FOR USE BY A BREWERY AND DISTILLED SPIRIT INGREDIENTS FOR A DISTILLERY OR A MICRODISTILLERY ARE EXEMPT FROM STATE TAXES AND MARKUP; DECREASING THE MINIMUM

ALCOHOL TAXES

ALCOHOL CONTENT APPLICABLE TO DISTILLERIES; AND AMENDING SECTIONS 16-1-401, 16-1-404, 16-3-214, AND 16-4-311, MCA.

2009

[House Bill No. 412](#) – Chapter Number Assigned -- AN ACT REVISING THE LIQUOR EXCISE TAX RATE SCHEDULE TO PROVIDE ADDITIONAL RATES FOR COMPANIES THAT PRODUCE LESS THAN 200,000 PROOF GALLONS OF LIQUOR; AMENDING SECTION 16-1-401, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE.

[Senate Bill No. 501](#) – (S) Died in Standing Committee -- AN ACT ESTABLISHING A PROGRAM FOR SCHOLARSHIPS AND LOCAL ALCOHOL TREATMENT, PREVENTION, EDUCATION, AND ENFORCEMENT PROGRAMS FUNDED THROUGH PAYMENT OF A TAX ON EACH SERVING OF ALCOHOLIC BEVERAGES SOLD IN RETAIL ESTABLISHMENTS PROVIDING ON-PREMISES CONSUMPTION OF ALCOHOLIC BEVERAGES; ESTABLISHING PROVISIONS FOR COUNTY AND INDIAN RESERVATION SCHOLARSHIPS, PROGRAMS FOR TREATMENT, AND PROGRAMS FOR ALCOHOL PREVENTION, EDUCATION, AND ENFORCEMENT; ESTABLISHING THE METHOD FOR DISTRIBUTING FUNDS; PROVIDING THAT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTER THE PROGRAM AND ADOPT RULES; AND PROVIDING AN APPLICABILITY DATE.

Prepared By:

Megan Moore, Research Analyst
Office of Research and Policy Analysis
October 4, 2022