

SENATE BILL NO. 328

INTRODUCED BY L. WHITFORD

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A BILL FOR AN ACT ENTITLED: "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."

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	3% <u>3.3%</u>
20,000 to 50,000 proof gallons	8% <u>8.8%</u>
50,001 to 200,000 proof gallons	13.8% <u>15.2%</u>
Over 200,000 proof gallons	16% <u>17.6%</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

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

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

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

8 (a) ~~40%~~ 11% of the retail selling price on all liquor sold and delivered in the state by a company that
9 manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor
10 nationwide in the calendar year preceding imposition of the tax pursuant to this section;

11 (b) ~~8.6%~~ 9.5% of the retail selling price on all liquor sold and delivered in the state by a company that
12 manufactured, distilled, rectified, bottled, or processed and that sold more than 50,000 proof gallons but not more
13 than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to
14 this section;

15 (c) ~~2%~~ 2.2% of the retail selling price on all liquor sold and delivered in the state by a company that
16 manufactured, distilled, rectified, bottled, or processed and that sold not more than 50,000 proof gallons of liquor
17 nationwide in the calendar year preceding imposition of the tax pursuant to this section.

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

25 (a) ~~Thirty-four and one-half percent~~ 34.5% is allocated to the state general fund; ~~and~~

26 (b) ~~Sixty-five and one-half percent~~ 65.5% must be deposited in the state special revenue fund to the
27 credit of the department of public health and human services for the treatment, rehabilitation, and prevention of
28 alcoholism and chemical dependency.

29 (3) The license tax proceeds that are allocated to the department of public health and human services
30 for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency must be credited

1 quarterly to the department of public health and human services. The legislature may appropriate a portion of the
 2 license tax proceeds to support alcohol and chemical dependency programs. The remainder must be distributed
 3 as provided in 53-24-206.

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

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

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

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10 **Section 3.** Section 16-1-406, MCA, is amended to read:

11 "**16-1-406. Taxes on beer.** (1) (a) A tax is imposed on each barrel of 31 gallons of beer sold in Montana
 12 by a wholesaler. A barrel of beer equals 31 gallons. The tax is based upon the total number of barrels of beer
 13 produced by a brewer in a year. A brewer who produces less than 20,000 barrels of beer a year is taxed on the
 14 following increments of production:

15 (i) up to 5,000 barrels, ~~\$1.30~~ \$1.43;

16 (ii) 5,001 barrels to 10,000 barrels, ~~\$2.30~~ \$2.53; and

17 (iii) 10,001 barrels to 20,000 barrels, ~~\$3.30~~ \$3.63.

18 (b) The tax on beer sold for a brewer who produces over 20,000 barrels is ~~\$4.30~~ \$4.73.

19 (2) The tax imposed pursuant to subsection (1) is due at the end of each month from the wholesaler upon
 20 beer sold by the wholesaler during that month. The department shall compute the tax due on beer sold in
 21 containers other than barrels or in barrels of more or less capacity than 31 gallons.

22 (3) Each quarter, in accordance with the provisions of 17-2-124, of the tax collected pursuant to
 23 subsection (1), an amount equal to:

24 (a) 23.26% must be deposited in the state treasury to the credit of the department of public health and
 25 human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency; and

26 (b) the balance must be deposited in the state general fund."

27

28 **Section 4.** Section 16-1-411, MCA, is amended to read:

29 "**16-1-411. Tax on wine and hard cider -- penalty and interest.** (1) (a) A tax of ~~27~~ 30 cents per liter
 30 is imposed on sacramental wine and table wine, except hard cider, imported by a table wine distributor or the

1 department and on table wine shipped directly by a winery with a direct shipment endorsement.

2 (b) A tax of ~~3.7~~ 4.1 cents per liter is imposed on hard cider imported by a table wine distributor or the
3 department.

4 (2) The tax imposed in subsection (1) must be paid by the winery with a direct shipment endorsement
5 or a table wine distributor by the 15th day of the month following shipment by the winery with the direct shipment
6 endorsement or sale of the sacramental wine, table wine, or hard cider from the table wine distributor's
7 warehouse. Failure to file a tax return or failure to pay the tax required by this section subjects the winery with
8 the direct shipment endorsement or the table wine distributor to the penalties and interest provided for in
9 15-1-216.

10 (3) The tax paid by a winery with a direct shipment endorsement or by a table wine distributor in
11 accordance with subsection (2) must, in accordance with the provisions of 17-2-124, be distributed as follows:

12 (a) 69% to the state general fund; and

13 (b) 31% to the state special revenue fund to the credit of the department of public health and human
14 services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

15 (4) The tax computed and paid in accordance with this section is the only tax imposed by the state or
16 any of its subdivisions, including cities and towns.

17 (5) For purposes of this section, "table wine" has the meaning assigned in 16-1-106, but does not include
18 hard cider."

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20 **Section 5.** Section 16-2-301, MCA, is amended to read:

21 **"16-2-301. Retail selling price on table wine -- tax on certain table wine.** (1) The retail selling price
22 at which table wine is sold at an agency liquor store is as determined by the agent.

23 (2) In addition to the tax on wine assessed under 16-1-411, there is a tax of ~~1-cent~~ 1.1 cents a liter on
24 table wine sold by a table wine distributor to an agent as described in subsection (1). This additional tax must be
25 paid to the department by the distributor in the same manner as the tax under 16-1-411 is paid. The department
26 shall deposit the tax paid under this section in the general fund.

27 (3) For the purposes of this section, "table wine" does not include hard cider."
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29 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.
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