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## FISCAL IMPACT REPORT

**ORIGINAL DATE** 01/25/10  
**LAST UPDATED** \_\_\_\_\_ **HB** \_\_\_\_\_

**SPONSOR** Sanchez, B.

**SHORT TITLE** Liquor Excise Tax Increase & Distribution **SB** 142

**ANALYST** Gutierrez

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY10	FY11	FY12		
	\$5,472.0	\$5,521.0	Recurring	Local DWI Grant Fund
	\$10,937.0	\$11,059.0	Recurring	General Fund
	\$20,055.0	\$20,385.0	Recurring	Mental Health and Substance Abuse Treatment Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB34 and SB126

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)  
 Human Services Department (HSD)  
 New Mexico Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 142 increases the liquor excise tax on spirituous liquor, beer, fortified wine, and cider as follows:

<u>Liquor</u>	<u>Current Law</u>	<u>SB142</u>
Beer (per gallon)	\$0.41	\$0.94
Micro Beer (per gallon)	\$0.08	\$0.61
Cider (per gallon)	\$0.41	\$0.94
Spirituous Liquor (per liter)	\$1.60	\$2.73
Fortified Wine (per liter)	\$1.50	\$1.92

The rates on wine and small winery wine are not increased in this bill.

This bill also creates a new fund, the mental health and substance abuse treatment fund (MHSAT), and adjusts the distribution of the revenues to where the increase in revenues is divided between the general fund, the local DWI grant fund and the MHSAT fund.

The effective date of this bill’s provisions is July 1, 2010.

**FISCAL IMPLICATIONS**

Liquor demand is responsive to price changes and it is important to recognize that when prices go up, demand will go down, affecting the fiscal impact. This is called the elasticity of demand. For this estimate, it is assumed that the price elasticity is -0.3 for beer and cider, -1.5 for spirits, and -1 for fortified wine (based on historical TRD data).

**Fiscal Impact of SB142 in FY11**

\$Millions

<b>Liquor</b>	<b>Current Tax Revenue</b>	<b>SB142 Revenue</b>
Beer (per gallon)	20.4	45.8
Micro Beer (per gallon)	0.06	0.4
Cider (per gallon)	0.005	0.01
Spirituosous Liquor (per liter)	18.8	29.4
Wine (per liter)	6.4	6.4
Fortified Wine (per liter)	0.1	0.2
Sm. Winery (per liter)	0.06	0.06
Sm. Winery (per liter)	0.096	0.096
Fiscal Impact	45.96	82.4
GF	26.89	37.8
Local DWI	19.08	24.5
MHSAT Fund	0.00	20.1

As the analysis shows, these changes would have an impact both on revenues and on consumption. However, there may be an incentive to order wine online or to go to neighboring states for purchasing liquor. Alternatively, it could be a boon for the wine and small winery business as consumers substitute consumption of the higher taxed liquids for the lower taxed ones.

**SIGNIFICANT ISSUES**

New Mexico’s liquor excise tax is already high in comparison to other states’ tax rates (see Attachment 1 and Attachment 2).

HSD:

The following table describes the 2004 revenues collected and alcohol-related health care costs by each state.

Revenues Collected and Alcohol-Related Health Care Costs per State in 2004						
State	Current Beer Tax Rate (Per Gallon)	Revenues Collected from Alcohol Taxes	Revenues Collected Per Capita	Alcohol-Related Health Care Costs	Per Capita Alcohol-Related Health Care Costs	Ratio of Per Capita Revenues Collected and Alcohol-Related Health Care Costs
Alabama	\$0.52	\$128,848,000.00	\$28.97	\$572,079,281.00	\$128.64	1 : 4.4
Alaska	\$1.07	\$12,003,000.00	\$19.15	\$91,661,314.00	\$146.21	1 : 1.6
Arizona	\$0.16	\$51,406,000.00	\$10.02	\$708,893,559.00	\$138.17	1 : 14.0
Arkansas	\$0.23	\$29,121,000.00	\$10.89	\$346,500,496.00	\$129.61	1 : 11.9
California	\$0.20	\$288,451,000.00	\$8.52	\$4,685,543,517.00	\$138.33	1 : 16.2
Colorado	\$0.08	\$30,439,000.00	\$7.08	\$656,697,902.00	\$152.68	1 : 22.0
Connecticut	\$0.19	\$47,328,000.00	\$13.90	\$473,322,122.00	\$138.98	1 : 10.0
Delaware	\$0.16	\$11,611,000.00	\$14.82	\$111,407,430.00	\$142.17	1 : 9.6
Florida	\$0.48	\$545,488,000.00	\$34.13	\$2,139,463,829.00	\$133.86	1 : 3.9
Georgia	\$0.48	\$140,367,000.00	\$17.15	\$1,165,578,980.00	\$142.38	1 : 8.3
Hawaii	\$0.93	\$37,782,000.00	\$31.19	\$160,865,739.00	\$132.78	1 : 4.3
Idaho	\$0.15	\$6,057,000.00	\$4.68	\$183,428,932.00	\$141.76	1 : 30.3
Illinois	\$0.19	\$140,643,000.00	\$11.32	\$1,701,913,272.00	\$137.04	1 : 12.1
Indiana	\$0.12	\$33,078,000.00	\$5.44	\$851,368,567.00	\$140.02	1 : 25.7
Iowa	\$0.19	\$12,209,000.00	\$4.17	\$436,434,356.00	\$149.14	1 : 35.8
Kansas	\$0.18	\$77,896,000.00	\$28.97	\$391,626,883.00	\$145.67	1 : 5.0
Kentucky	\$0.08	\$69,876,000.00	\$17.29	\$527,776,756.00	\$130.58	1 : 7.6
Louisiana	\$0.32	\$52,392,000.00	\$11.72	\$543,031,495.00	\$121.51	1 : 10.4
Maine	\$0.35	\$40,900,000.00	\$32.08	\$183,588,390.00	\$144.00	1 : 4.5
Maryland	\$0.09	\$24,522,000.00	\$4.63	\$777,300,698.00	\$146.76	1 : 31.7
Massachusetts	\$0.11	\$64,793,000.00	\$10.21	\$916,028,462.00	\$144.28	1 : 14.1
Michigan	\$0.20	\$136,591,000.00	\$13.74	\$1,362,163,131.00	\$137.06	1 : 10.0
Minnesota	\$0.15	\$60,610,000.00	\$12.32	\$777,911,950.00	\$158.13	1 : 12.8
Mississippi	\$0.43	\$39,256,000.00	\$13.80	\$353,543,189.00	\$124.28	1 : 9.0
Missouri	\$0.06	\$25,912,000.00	\$4.63	\$793,299,570.00	\$141.78	1 : 30.6
Montana	\$0.14	\$17,541,000.00	\$19.44	\$126,874,779.00	\$140.63	1 : 7.2
Nebraska	\$0.31	\$17,290,000.00	\$10.10	\$261,164,317.00	\$152.61	1 : 15.1
Nevada	\$0.16	\$16,468,000.00	\$8.24	\$296,430,935.00	\$148.34	1 : 18.0
New Hampshire	\$0.30	\$11,462,000.00	\$9.28	\$189,674,339.00	\$153.48	1 : 16.5
New Jersey	\$0.12	\$79,889,000.00	\$9.49	\$1,174,375,702.00	\$139.57	1 : 14.7
New Mexico	\$0.41	\$34,738,000.00	\$19.10	\$239,371,833.00	\$131.59	1 : 6.9
New York	\$0.11	\$179,157,000.00	\$9.44	\$2,492,422,341.00	\$131.34	1 : 13.9
North Carolina	*	\$199,844,000.00	\$24.83	\$1,104,878,939.00	\$137.26	1 : 5.5
North Dakota	\$0.16	\$4,892,000.00	\$7.62	\$92,564,905.00	\$144.14	1 : 18.9
Ohio	\$0.18	\$81,029,000.00	\$7.14	\$1,563,504,422.00	\$137.72	1 : 19.3
Oklahoma	\$0.40	\$61,994,000.00	\$17.97	\$458,652,060.00	\$132.92	1 : 7.4
Oregon	\$0.08	\$12,616,000.00	\$3.69	\$492,350,681.00	\$143.90	1 : 39.0
Pennsylvania	\$0.08	\$187,662,000.00	\$15.28	\$1,641,691,603.00	\$133.68	1 : 8.7
Rhode Island	\$0.10	\$9,450,000.00	\$9.01	\$152,627,117.00	\$145.59	1 : 16.2
South Carolina	\$0.77	\$137,429,000.00	\$34.25	\$539,629,741.00	\$134.50	1 : 3.9
South Dakota	\$0.27	\$11,070,000.00	\$14.67	\$112,045,259.00	\$148.43	1 : 10.1
Tennessee	\$0.14	\$78,470,000.00	\$13.79	\$773,952,096.00	\$136.04	1 : 9.8
Texas	\$0.20	\$541,305,000.00	\$25.96	\$2,921,123,023.00	\$140.09	1 : 5.4
Utah	\$0.41	\$25,020,000.00	\$11.20	\$320,748,158.00	\$143.63	1 : 12.8
Vermont	\$0.27	\$15,386,000.00	\$25.27	\$93,893,715.00	\$154.22	1 : 6.1
Virginia	\$0.26	\$127,638,000.00	\$18.03	\$1,007,105,099.00	\$142.28	1 : 7.9
Washington	\$0.26	\$168,777,000.00	\$28.63	\$823,915,352.00	\$139.79	1 : 4.9
West Virginia	\$0.18	\$8,197,000.00	\$4.53	\$213,380,310.00	\$118.00	1 : 26.0
Wisconsin	\$0.07	\$44,907,000.00	\$8.37	\$825,729,319.00	\$153.95	1 : 18.4
Wyoming	\$0.02	\$1,349,000.00	\$2.73	\$73,430,041.00	\$148.71	1 : 54.5
D.C.	\$0.09	Unavailable	Unavailable	\$82,386,220.00	\$144.02	Not Applicable

NOTE: 2004 states beer tax rates (per gallon) were obtained from the Tax Foundation.

\*North Carolina's beer tax is \$0.48387 per gallon in barrels holding at least 7.75 gallons, but \$0.53376 per gallon in barrels holding less than 7.75 gallons.

Source: Center for Science in the Public Interest's report entitled "Factbook on State Beer Taxes."

(SOURCE: New Mexico Health Policy Commission's 2010 *Policy Briefing Paper: Sin Taxes*  
<http://www.jhsph.edu/bin/q/v/Abell%20tax%20report%2011%2023%2009%20FINALB.pdf>)

## ADMINISTRATIVE IMPLICATIONS

This bill would have a small impact on TRD and the administrative implications for HSD include program management and/or administrative costs for transferring funds and oversight of the Statewide Entity.

## RELATIONSHIP

This bill relates to:

HB34 – proposes to create a liquor surtax and distribute the revenue to the public school fund

SB126 – proposes to increase the liquor excise tax rate and distribute the increased revenue to the general fund, leaving the local DWI fund held harmless

## OTHER SUBSTANTIVE ISSUES

HSD:

The Human Services Department would ensure that funds flow to local providers to pay for mental health and substance treatment. The funds would not be used for prevention services. It is projected that the additional funding would provide mental health and substance abuse treatment services for persons with addiction disorders or severe mental illness and are low income without any insurance. Any mental health or substance abuse treatment services provided to Medicaid-eligible individuals would be eligible for federal match if all the following criteria are met:

- The service must be a covered benefit under the NM Medicaid State Plan;
- The provider must be credentialed as a Medicaid provider of that service as part of the Statewide Entity-contracted provider network; and
- The provider is providing services in accordance with his or her licensure.

BLG/svb

***The Legislative Finance Committee has adopted the following principles to guide responsible and effective tax policy decisions:***

- 1. Adequacy:*** revenue should be adequate to fund government services.
- 2. Efficiency:*** tax base should be as broad as possible to minimize rates and the structure should minimize economic distortion and avoid excessive reliance on any single tax.
- 3. Equity:*** taxes should be fairly applied across similarly situated taxpayers and across taxpayers with different income levels.
- 4. Simplicity:*** taxes should be as simple as possible to encourage compliance and minimize administrative and audit costs.
- 5. Accountability/Transparency:*** Deductions, credits and exemptions should be easy to monitor and evaluate and be subject to periodic review.

***More information about the LFC tax policy principles will soon be available on the LFC website at [www.nmlegis.gov/lcs/lfc](http://www.nmlegis.gov/lcs/lfc)***

## Comparison of State Alcoholic Beverage Rankings

State	Per Capita (age 14 and over)				
	Ethanol	Ethanol	Beer	Wine	Spirits
	<u>Consumption</u>	<u>Consumption</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>
	<u>Consumption</u>	<u>Ranking</u>	<u>Ranking</u>	<u>Ranking</u>	<u>Ranking</u>
New Hampshire	4.22	1	15	48	50
District of Columbia	3.95	2	43	39	47
Nevada	3.61	3	33	23	34
Delaware	3.23	4	31	13	31
Wisconsin	2.98	5	50	44	36
North Dakota	2.88	6	32	32	42
Alaska	2.84	7	1	1	6
Wyoming	2.82	8	51	51	51
Montana	2.80	9	36	11	12
<b>Colorado</b>	<b>2.75</b>	<b>10</b>	<b>46</b>	<b>43</b>	<b>44</b>
Florida	2.72	11	7	2	16
Vermont	2.68	12	17	29	49
Louisiana	2.65	13	13	47	41
Hawaii	2.62	14	4	8	20
Idaho	2.59	15	34	34	9
Oregon	2.59	16	45	24	2
South Dakota	2.59	17	16	15	29
Rhode Island	2.56	18	42	27	33
Maine	2.49	19	12	26	23
Massachusetts	2.48	20	41	28	28
<b>Arizona</b>	<b>2.45</b>	<b>21</b>	<b>30</b>	<b>18</b>	<b>37</b>
Minnesota	2.45	22	35	41	24
South Carolina	2.44	23	5	10	25
<b>New Mexico</b>	<b>2.43</b>	<b>24</b>	<b>9</b>	<b>5</b>	<b>19</b>
Missouri	2.41	25	49	36	45
Illinois	2.36	26	26	21	13
Connecticut	2.35	27	22	25	26
Washington	2.35	28	18	17	1
California	2.34	29	21	46	35
New Jersey	2.34	30	39	16	22
Nebraska	2.33	31	14	14	32
Mississippi	2.26	32	8	35	14
<b>Texas</b>	<b>2.25</b>	<b>33</b>	<b>24</b>	<b>45</b>	<b>43</b>
Iowa	2.24	34	25	3	7
Maryland	2.21	35	44	37	48
Michigan	2.19	36	23	30	10
Pennsylvania	2.16	37	48	49	15
Virginia	2.13	38	19	7	3
Indiana	2.10	39	40	33	38
Georgia	2.06	40	3	6	30
New York	2.06	41	37	42	18
Ohio	2.03	42	28	38	11
Alabama	2.02	43	2	4	4
North Carolina	2.00	44	6	19	5
<b>Kansas</b>	<b>1.96</b>	<b>45</b>	<b>27</b>	<b>40</b>	<b>40</b>
<b>Oklahoma</b>	<b>1.93</b>	<b>46</b>	<b>11</b>	<b>22</b>	<b>21</b>
Tennessee	1.89	47	38	9	27
Kentucky	1.85	48	47	31	17
Arkansas	1.84	49	20	20	39
West Virginia	1.76	50	29	12	46
<b>Utah</b>	<b>1.34</b>	<b>51</b>	<b>10</b>	<b>50</b>	<b>8</b>

## Comparison of State Liquor Excise Tax Rates

Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Alabama	see footnote (1)	Yes		1.7	Yes	over 14% - sold through state store	0.53	Yes	\$0.52/gallon local tax
Alaska	12.8	n.a.	under 21% - \$2.50/gallon	2.5	n.a.		1.07	n.a.	
Arizona	3	Yes		0.84	Yes		0.16	Yes	
Arkansas	2.5	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case and 3% off-14% on-premise retail taxes	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off-and 10% on-premise	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 3% off-10% on-premise tax
California	3.3	Yes	over 50% - \$6.60/gallon	0.2	Yes	sparkling wine - \$0.30/gallon	0.2	Yes	
Colorado	2.28	Yes		0.32	Yes		0.08	Yes	
Connecticut	4.5	Yes	under 7% - \$2.05/gallon	0.6	Yes	over 21% & sparkling wine - \$1.50/gallon	0.19	Yes	
Delaware	5.46	n.a.	under 25% - \$3.64/gallon	0.97	n.a.		0.16	n.a.	
Florida	6.5	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon 6.67¢/ounce on-premise retail tax	2.25	Yes	over 17.259% - \$3.00/gallon, sparkling wine \$3.50/gallon 6.67¢/4 ounces on-premise retail tax	0.48	Yes	2.67¢/12 ounces on-premise retail tax
Georgia	3.79	Yes	\$0.83/gallon local tax	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax	0.32	Yes	\$0.53/gallon local tax

## Comparison of State Liquor Excise Tax Rates

Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Hawaii	5.98	Yes		1.38	Yes	Sparkling wine - \$2.12/gallon and wine coolers - \$0.85/gallon	0.93	Yes	\$0.54/gallon draft beer
Idaho	see footnote (1)	Yes		0.45	Yes		0.15	Yes	over 4% - \$0.45/gallon
Illinois	4.5	Yes	under 20% - \$0.73/gallon; \$1.845/gallon in Chicago and \$2.00/gallon in Cook County	0.73	Yes	over 20% - \$4.50/gallon; \$0.246/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County	0.185	Yes	\$0.16/gallon in Chicago and \$0.06/gallon in Cook County
Indiana	2.68	Yes	under 15% - \$0.47/gallon	0.47	Yes	over 21% - \$2.68/gallon	0.115	Yes	
Iowa	see footnote (1)	Yes		1.75	Yes	under 5% - \$0.19/gallon	0.19	Yes	
Kansas	2.5	no	8% off- and 10% on-premise retail tax	0.3	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise	0.18	--	over 3.2% - {8% off- and 10% on-premise}, under 3.2% - 4.25% sales tax.
Kentucky	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 11% wholesale tax	0.5	Yes*	11% wholesale	0.08	Yes*	11% wholesale tax
Louisiana	2.5	Yes	under 6% - \$0.32/gallon	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon	0.32	Yes	\$0.048/gallon local tax

## Comparison of State Liquor Excise Tax Rates

Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Maine	see footnote (1)	Yes		0.6	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax	0.35	Yes	additional 5% on-premise tax
Maryland	1.5	Yes		0.4	Yes		0.09	Yes	\$0.2333/gallon in Garrett County
Massachusetts	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales	0.55	Yes*	sparkling wine - \$0.70/gallon;	0.11	Yes*	0.57% on private club sales
Michigan	see footnote (1)	Yes		0.51	Yes	over 16% - \$0.76/gallon	0.2	Yes	
Minnesota	5.03	--	\$0.01/bottle (except miniatures) and 9.0% sales tax	0.3	--	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; over 24% - \$3.52/gallon; \$0.01/bottle (except miniatures) and 9% sales tax	0.15	--	under 3.2% - \$0.077/gallon .9% sales tax
Mississippi	see footnote (1)	Yes		0.35	Yes	over 14% and sparkling wine - sold through the state	0.4268	Yes	
Missouri	2	Yes		0.3	Yes		0.06	Yes	



## Comparison of State Liquor Excise Tax Rates

Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Montana	see footnote (1)	n.a.		1.06	n.a.	over 16% - sold through state stores	0.14	n.a.	
Nebraska	3.75	Yes		0.95	Yes		0.31	Yes	
Nevada	3.6	Yes	under 14% - \$0.70/gallon and under 21% - \$1.30/gallon.	0.7	Yes	14% to 22% - \$1.30/gallon, over 22% - \$3.60/gallon	0.16	Yes	
New Hampshire	see footnote (1)	n.a.		see footnote (2)	n.a.		0.3	n.a.	
New Jersey	4.4	Yes		0.7	Yes		0.12	Yes	
New Mexico	6.06	Yes		1.7	Yes	over 14% - \$5.68/gallon	0.41	Yes	
New York	6.44	Yes	not more than 24% - \$2.54/gallon; \$1.00/gallon New York City	0.19	Yes		0.11	Yes	\$0.12/gallon in New York City
North Carolina	see footnote (1)	Yes*		0.79	Yes	over 17% - \$0.91/gallon	0.53	Yes	
North Dakota	2.5	--	7% state sales tax	0.5	--	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax	0.16	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	see footnote (1)	Yes		0.3	Yes	over 14% - \$0.98/gallon, vermouth - \$1.08/gallon and sparkling wine - \$1.48/gallon	0.18	Yes	

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Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Oklahoma	5.56	Yes	13.5% on-premise	0.72	Yes	over 14% - \$1.40/gallon, sparkling wine - \$2.08/gallon; 13.5% on-premise	0.4	Yes	under 3.2% - \$0.36/gallon; 13.5% on-premise
Oregon	see footnote (1)	n.a.		0.67	n.a.	over 14% - \$0.77/gallon	0.08	n.a.	
Pennsylvania	see footnote (1)	Yes		see footnote (2)	Yes		0.08	Yes	
Rhode Island	3.75	Yes		0.6	Yes	sparkling wine - \$0.75/gallon	0.1	Yes	\$0.04/case wholesale tax
South Carolina	2.72	Yes	\$5.36/case and 9% surtax	0.9	Yes	\$0.18/gallon additional tax	0.77	Yes	
South Dakota	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax	0.27	Yes	
Tennessee	4.4	Yes	\$0.15/case and 15% on-premise; under 7% - \$1.21/gallon.	1.21	Yes	\$0.15/case and 15% on-premise.	0.14	Yes	17% wholesale tax
Texas	2.4	Yes	14% on-premise and \$0.05/drink on airline sales	0.2	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon ; 14% on-premise and \$0.05/drink on airline sales	0.19	Yes	over 4% - \$0.198/gallon , 14% on-premise and \$0.05/drink on airline sales

## Comparison of State Liquor Excise Tax Rates

Updated January 1, 2008

STATE	Distilled Spirits			Wine			Beer		
	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES	EXCISE TAX RATES (\$ per gallon)	SALES TAXES APPLIED	OTHER TAXES
Utah	see footnote (1)	Yes		see footnote (2)	Yes		0.41	Yes	over 3.2% - sold through state store
Vermont	see footnote (1)	no	10% on-premise sales tax	0.55	Yes	over 16% - sold through state store, 10% on-premise sales tax	0.265	Yes	6% to 8% alcohol - \$0.55; 10% on-premise sales tax
Virginia	see footnote (1)	Yes		1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store	0.26	Yes	
Washington	see footnote (1)	Yes*		0.87	Yes	over 14% - \$1.72/gallon	0.261	Yes	
West Virginia	see footnote (1)	Yes		1	Yes	5% local tax	0.18	Yes	
Wisconsin	3.25	Yes		0.25	Yes	over 14% - \$0.45/gallon	0.06	Yes	
Wyoming	see footnote (1)	Yes		see footnote (2)	Yes		0.02	Yes	
Dist. of Columbia	1.5	Yes	8% off- and 10% on-premise sales tax	0.3	Yes	8% off- and 10% on-premise sales tax, over 14% - \$0.40/gallon and Sparkling - \$0.45/gallon.	0.09	Yes	8% off- and 10% on-premise sales tax
U.S. Median	3.75			0.69			0.188		

Source: Federation of Tax Administrators

\* Sales tax is applied to on-premise sales only.

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.

(2) All wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profits