

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Reform the Taxation of Malt Liquor and Wine

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 28-A MRSA §1652, sub-§1, as repealed and replaced by PL 1987, c. 342, §116, is amended to read:

1. Excise tax on malt liquor and wine. An excise tax is imposed on the privilege of manufacturing and selling malt liquor, wine and low-alcohol spirits products in the State. The Maine manufacturer or importing wholesale licensee shall pay an excise tax of ~~25¢ per gallon on all malt liquor sold in the State~~ one cent for each tenth of an ounce of 100% alcohol sold in the State in malt beverages, hard cider, wine, sparkling wine, fortified wine and low-alcohol spirits products.

Sec. 2. 28-A MRSA §1652, sub-§2, as amended by PL 1997, c. 767, §4, is repealed.

Sec. 3. 28-A MRSA §1703, sub-§3, as amended by PL 1997, c. 767, §6, is further amended to read:

3. Amount of premium. The premium imposed by subsections 1 and 2 is:

A. ~~Ten cents per gallon on all malt beverages and hard cider sold in the State;~~ Two tenths of one cent for each tenth of an ounce of 100% alcohol sold in the State in malt beverages, hard cider, wine, sparkling wine, fortified wine and low-alcohol spirits products; and

B. ~~Thirty cents per gallon on all wine, other than sparkling wine, sold in the State;~~

C. ~~Twenty-four cents per gallon on all sparkling wine and all fortified wine sold in the State and all low-alcohol spirits products sold by a person licensed to sell wine for consumption on or off the premises; and~~

D. ~~One dollar and twenty-five cents per proof gallon as the term proof gallon is defined in the United States Code, Title 26, Section 5002; on all spirits sold in the State.~~

SUMMARY

Current taxes on beer and wine are imposed in 2 components, an excise tax and a premium tax. The excise tax goes to the General Fund; the premium tax, added in 1981, supports a fund for the prevention of alcoholism.

This bill taxes beer, wine and sparkling wine at the uniform rate of 12¢ per ounce of pure alcohol that each contains. The tax is broken down as 10¢ for the excise tax to the General Fund and 2¢ as the premium tax for the prevention fund. This will double revenue to the General Fund and increase slightly the prevention fund.

Taxes on distilled spirits are unaffected by the bill. Taxes on the alcohol in distilled spirits are higher than those on the alcohol in beer and wine and would remain so despite the increases for beer and wine proposed in this bill.

The bill nearly doubles the tax on beer, triples the tax on wine and increases the tax on sparkling wine by about 50%.

For beer that is 4% alcohol, there are 5.12 ounces of alcohol in a gallon. At the current tax rate of 35¢ per fluid gallon, the tax on alcohol alone is about 6.8¢ per ounce. The tax on a 12-ounce can of beer containing 4% alcohol would rise from 3.4¢ to 6¢.

For wine that is 12% alcohol, there are about 15.36 ounces of alcohol in a gallon. At the current tax rate of 60¢ per gallon, the tax on alcohol alone is about 3.9¢ per ounce. For wine that is 12% alcohol there are 3.043 ounces of alcohol in a 750 ml bottle. The tax on a 750 ml bottle of wine containing 12% alcohol would rise from 11.7¢ to 36.5¢.