

STATE OF CONNECTICUT
 DEPARTMENT OF REVENUE SERVICES
 25 SIGOURNEY ST. HARTFORD, CT 06106
 KEVIN B. SULLIVAN, COMMISSIONER

COMPARATIVE STATEMENT OF ALCOHOLIC BEVERAGE SALES FOR THE MONTH OF NOVEMBER 2010
 AND NOVEMBER 2009 INDICATED BY REVENUES OF DECEMBER 2010 AND DECEMBER 2009

TYPE OF BEVERAGE	TAX RATE	Nov-10 QUANTITY	Nov-09 QUANTITY	Nov-10 TAX	Nov-09 TAX	% INCREASE OF DECREASE OF *
TOTAL TAX - MALT BEVERAGES						
MALT BEVERAGES	\$6.00 (per barrel)	14,352.00 (barrels)	14,352.00	\$85,740.00	\$86,112.00	-0.43%
MALT BEVERAGES	\$0.20 (per gallon)	3,984,039.00 (gallons)	3,859,296.00 (gallons)	\$796,807.80	\$771,859.20	3.23%
				\$882,547.80	\$857,971.20	2.86%
WINES UNDER 21% ALCOHOL						
LARGE WINERIES	\$0.60 (per gallon)	1,348,591.00 (gallons)	1,408,095.00	\$809,154.60	\$844,857.00	-4.23%
SMALL WINERIES	\$0.15 (per gallon)	45,422.00 (gallons)	27,779.00	\$6,813.30	\$4,166.85	63.51%
WINES OVER 21% ALCOHOL & SPARKLING WINES						
	\$1.50 (per gallon)	86,441.00 (gallons)	78,186.00	\$129,661.50	\$117,279.00	10.56%
TOTAL TAX - WINES				\$945,629.40	\$966,302.85	-2.14%
DISTILLED LIQUOR						
LIQUOR COOLER	\$4.50 (per gallon)	656,850.00 (gallons)	616,894.00	\$2,955,825.00	\$2,776,023.00	6.48%
ALCOHOL	\$2.05 (per gallon)	506.00 (gallons)	568.00	\$1,037.30	\$1,164.40	-10.92%
	\$4.50 (per proof gallon)	7,263.00 (gallons)	6,979.00	\$32,683.50	\$31,405.50	4.07%
TOTAL TAX - DISTILLED SPIRITS				\$2,989,545.80	\$2,808,592.90	6.44%
TOTAL - ALCOHOLIC BEVERAGES TAX				\$4,817,723.00	\$4,632,866.95	3.99%

REVENUE COLLECTION SUMMARY

Revenue for period July 1, 2010 - December 31, 2010: **\$20,855,790.18**
 Revenue for period July 1, 2009 - December 31, 2009: **\$20,649,745.43**

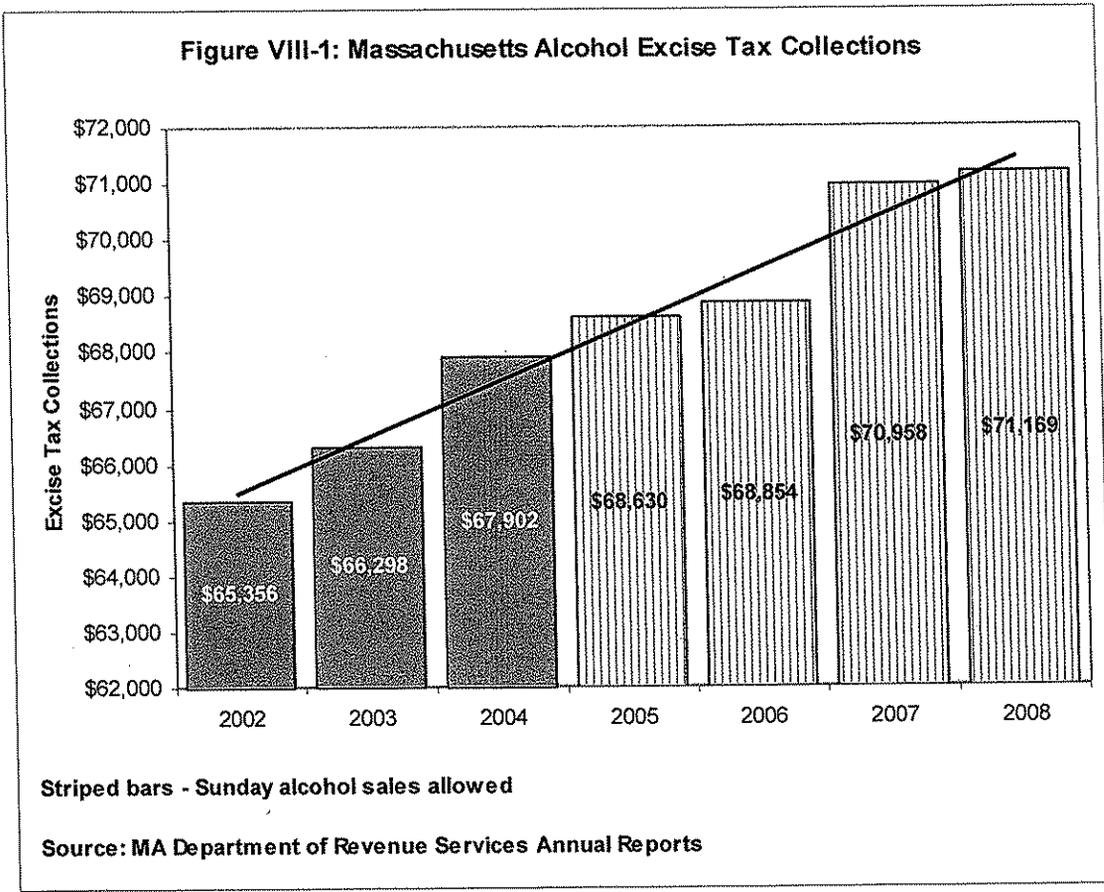
Increase or decrease in revenue for current Fiscal Year: **\$206,074.75** 1.00% of increase/decrease

Due to electronic funds transfer procedures and filing dates for tax returns, the cumulative revenue figures may not include all monies due for the current tax period; it may include some monies due for the prior tax period (s) of the previous fiscal year.

Revenue figures reflected above include accruals of Tax Revenue.

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	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Percent Increase	1.4%	2.4%	1.1%	0.3%	3.1%

PRI also analyzed excise tax collections for the same time period in Connecticut with the data presented in Figure VIII-2 below. Over the period, overall excise taxes from alcohol sales rose 13 percent, greater than the increase in Massachusetts (9 percent), even though the ban on Sunday sales was lifted in Massachusetts during this time period, and remained in place in Connecticut.

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Compared with the border states, Connecticut has the second-highest total tax on gasoline as shown in Table VIII-5.

	Excise Tax	Other State Taxes	Federal Tax	Total Taxes
New York	\$0.08	\$0.32	\$0.184	\$0.584
Connecticut	\$0.25	\$0.13	\$0.184	\$0.564
Rhode Island	\$0.27	\$0.04	\$0.184	\$0.494
Massachusetts	\$0.21	\$0.025	\$0.184	\$0.419
Source: ICPA				

Committee staff had hoped to look at gas sales data by town, but due to data limitations this type of analysis was not feasible.

Alcohol excise and sales taxes. States also impose excise taxes on alcoholic beverages based on alcohol volume. In Connecticut, a tax is imposed also on all distributors of alcoholic beverages based on the quantity of alcohol sold to off-premise establishments.

Table VIII-6 shows how Connecticut's alcohol excise tax rate compare to the border state rates of Massachusetts, Rhode Island, and New York.

	Spirits (per gallon)	Wine (per gallon)	Beer (per gallon)
Connecticut	\$4.50	\$0.60	\$0.20
Massachusetts	\$4.05	\$0.55	\$0.11
Rhode Island	\$3.75	\$0.60	\$0.11
New York	\$6.44	\$0.30	\$0.14
Source: Tax Foundation			

In addition to the excise tax, all the states that border Connecticut now charge sales tax on alcoholic beverages; however, this is a recent development. Massachusetts did not impose sales tax on alcohol until August 1, 2009, so the impact could not be assessed.

Tax Policy on Alcoholic Beverages

In addition to the excise and sales tax on alcohol, there are other tax policies that also may affect sales. Unlike cigarettes and other items subject to sales tax, some states impose restrictions on when and where alcohol can be sold.

When. Connecticut, for example, is the only remaining New England state that does not allow off-premise alcohol to be sold on Sundays. States also impose restrictions on the hours when alcohol can be sold. Following are the permitted alcohol sale hours of Connecticut and its border states:

- Connecticut – Sales Monday to Saturday 8 am–9 pm

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Table VIII-7: Sunday Sales		
Prohibit	Repealed Bans Since 2002	Repealed Before 2002
Alabama	Colorado	Alaska
Arkansas	Delaware	Arizona
Connecticut	Idaho	California
Georgia	Kansas	Florida
Indiana	Kentucky	Hawaii
Minnesota	Massachusetts	Illinois
Mississippi	New York	Iowa
Montana	Ohio	Louisiana
North Carolina	Oregon	Maine
Oklahoma	Pennsylvania	Maryland
South Carolina	Rhode Island	Michigan
Tennessee	Virginia	Missouri
Texas	Washington	Nebraska
Utah		Nevada
West Virginia		New Hampshire
		New Jersey
		New Mexico
		North Dakota
		South Dakota
		Vermont
		Wisconsin
		Wyoming

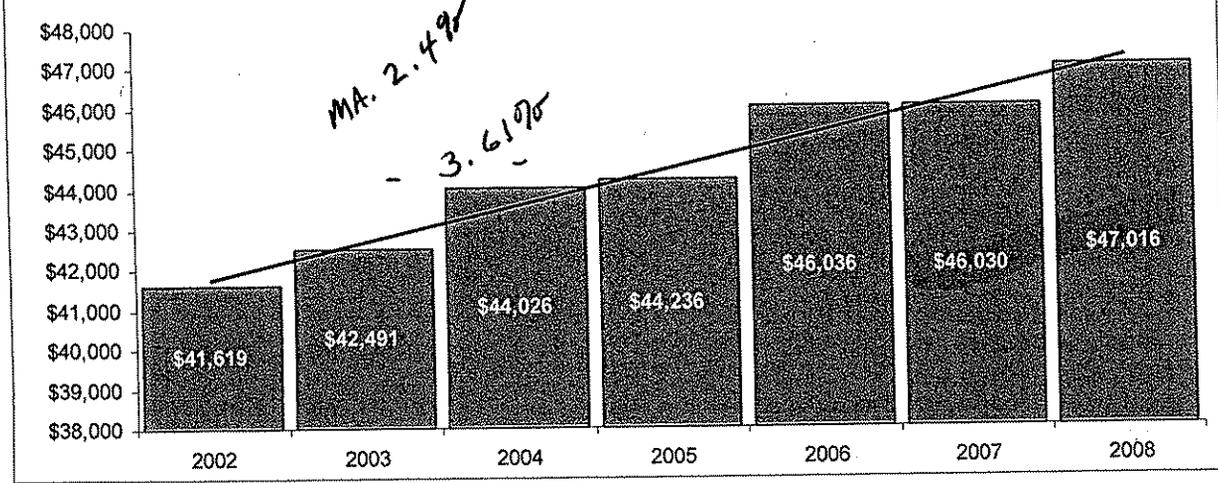
Source : March 2009 issue of State Legislature

This analysis, as per the scope of study, of the permission and/or prohibition of Sunday sales of alcohol focuses on the impact of tax policy and tax revenue for the state, not the social policy implications of allowing Sunday sales.

In an effort to determine the effect on Connecticut tax revenue by allowing Sunday sales, PRI reviewed the excise tax revenues collected in Massachusetts, both prior to allowing Sunday sales and after the ban was lifted. Prior to August 1, 2009 Massachusetts did not have a sales tax on alcohol, only an excise tax.

Figure VIII-1 shows the annual excise tax collections on alcohol in Massachusetts from 2002 to 2006. As the chart depicts, revenue collections have been increasing since 2002. One might expect a larger than normal increase in revenue in 2004 when Sunday sales began and then a leveling off as consumers adjusted to the change. However, as depicted in the figure, allowing Sunday sales had little impact on excise tax collections. ~~Prior to allowing Sunday sales, excise tax collections were increasing and continued to increase at a steady rate after the law changed with a large increase occurring between 2006 and 2007, two years after the Sunday sales ban was lifted.~~ Although 2004 revenues did increase 2.4 percent from 2003, the largest percentage increase in tax collections occurred between 2006 and 2007 (3.1 percent); during this time period no tax policy (sales nor excise taxes) on alcohol changed in that state.

Figure VIII-2: Connecticut Alcohol Excise Tax Collection
(\$ in thousands)



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FISCAL INFORMATION

EXCISE TAX COLLECTION: Source Department of revenue Services

MA.	2003-2004	2.4%
CT.	2003-2004	3.6%
MA.	2002-2009	8.8%
CT.	2002-2009	12.9%

PERCENTAGE OF SALES: OFF PREMISE /ON PREMISE

MA.	58%	42%
CT.	65%	35%

STORES IN MASSACHUSETTS AND CONNECTICUT

MA. 1,100 Stores 7 Million Population 6,400 persons per store.
 CT. 1100 Package Stores, 900 Food Store Permits
 2,000 Stores, 3.4 Million Population
 1,100 Package Stores divided by 3.4 = 3,235 pp store
900 Beer Permits
 2,000 Total Retail divided by 3.4 = 1,700 pp store

ESTIMATED INCREASE IN SALES IF SUNDAY OPENING APPROVED

If There Was An Expected Gain Of \$141,333 How Much IN Sales Would Have to Occur \$1.5 Million

	BEER	Wine	Spirits
Excise Tax	.20 Gal	.40 Gal	4.50 Gal
Sales Tax	6%	6%	6%
Item Sold	Case of Beer	750 ML Bottle	750 ML Bottle
Revenue Per	\$1.65 per Case	\$.70 Per Bottle	\$1.72 Per Bottle
(Excise Tax .45-1.2 Sales Tax)			
Number Sold	25,000 Case	50,000 Bottle	50,000 Bottle

To cover the approximate cost of 52 Sunday openings each store would have to do \$1,000 in business per Sunday X 1,100 stores is 1.1 Million per Sunday X 52 = 57.2 Million in business to pay opening costs with a 25% mark up in business.