



ALCOHOLIC BEVERAGES TAX

By: Rute Pinho, Principal Analyst

ISSUE

Briefly explain Connecticut's alcoholic beverages tax and how its rates compare to those of other states.

SUMMARY

Connecticut's alcoholic beverages tax applies to sales of beer, wine, and liquor in the state. The tax is based on volume and ranges from \$0.18 per wine gallon (128 ounces) of still wine produced by small wineries to \$5.40 per wine gallon of liquor (i.e., distilled spirits). The tax is levied on distributors (i.e., wholesaler or manufacturer permittees), who must report to the Department of Revenue Services (DRS) each month on the total number of gallons of each alcoholic beverage sold during the month, their opening and closing inventories, and the amount of tax due. Sales of alcoholic beverages are also subject to the state's 6.35% sales and use tax.

A comparison of Connecticut's alcohol tax rates with those of other states and the District of Columbia shows that Connecticut's tax on beer and wine is at or near the median rate across all jurisdictions. However, its tax on liquor is \$1.65 per gallon greater than the median rate of \$3.75 per gallon.

ALCOHOLIC BEVERAGES TAX

Rate and Basis

Connecticut's alcoholic beverages tax applies to distributors selling beer, wine, and liquor in the state. The tax is based on volume: per barrel, fraction of a barrel, or wine gallon for beer; per wine gallon for wine; and either per wine gallon or per proof gallon for liquor and liquor coolers. Sales of malt beverages which are consumed on the premises of an establishment covered by a manufacturer's permit are exempt from the tax.



Table 1 shows the tax rate and basis by type of alcoholic beverage.

Table 1: Connecticut Alcoholic Beverage Tax Rates

ALCOHOLIC BEVERAGE	BASIS AND RATE
Beer and cider with no more than 7% alcohol	\$7.20 per barrel (31 gallons) \$0.24 per wine gallon or fraction under ¼ barrel
Still wines (up to 21% alcohol by volume) and cider not taxed at the beer rate	\$0.72 per wine gallon
Still wines produced by small wineries producing up to 55,000 wine gallons annually (certificate required)	\$0.18 per wine gallon
Sparkling and fortified wines	\$1.80 per wine gallon
Alcohol (more than 100 proof)	\$5.40 per proof gallon
Liquor	\$5.40 per wine gallon
Liquor coolers (up to 7% alcohol by volume)	\$2.46 per wine gallon

Source: [CGS § 12-435](#) and [Form O-255](#), *Wholesale Alcoholic Beverages Tax Return*

Revenue

As Table 2 shows, the state collected approximately \$61.6 million in alcoholic beverage tax revenue for FY 15, up from \$60.7 million in FY 14 and \$60.4 million in FY 14. In FY 15, there were 625 distributors paying the tax.

Table 2: Alcoholic Beverages Tax Revenue, FY 13 to FY 15

FY	AMOUNT
15	\$61,611,937
14	60,685,777
13	60,405,645

Source: DRS, [FY 15 Annual Report](#)

COMPARISON WITH OTHER STATES

Table 3 shows per gallon taxes on beer, wine, and liquor in each state and the District of Columbia. It also shows the median tax rate for each type of alcoholic beverage. This data was compiled by the Federation of Tax Administrators (FTA) and last updated in January 2016. (We updated FTA's entry for Rhode Island to reflect a 2015 tax change.) The rates shown represent the general state excise tax rate for each category. In some cases, different tax rates apply to specific types of beverages (e.g., draft beer or sparkling wine) or specific types of retail sales (e.g., on-premises or airline sales). In addition, local alcohol taxes apply in specific jurisdictions. The [FTA website](#) provides additional detail on these and other exceptions to the rates shown below.

The comparison shows that Connecticut's tax on beer (\$0.24 per gallon) is slightly greater than the median rate of \$0.20 per gallon. Its tax on wine is equal to the

median rate of \$0.72 per gallon. However, its tax on liquor (\$5.40 per gallon) is \$1.65 greater than the median rate of \$3.75 per gallon.

Most jurisdictions also apply state sales tax to alcohol purchases.

Table 3: State Tax Rates on Beer, Wine, and Liquor

STATE	PER-GALLON EXCISE TAX (\$ per gallon)			GENERAL SALES TAX APPLIES
	Beer	Wine	Liquor	
Alabama	\$0.53	\$1.70	N/A ¹	Yes
Alaska	1.07	2.50	\$12.80	N/A ²
Arizona	0.16	0.84	3.00	Yes
Arkansas	0.23	0.75	2.50	Yes
California	0.20	0.20	3.30	Yes
Colorado	0.08	0.28	2.28	Yes
Connecticut	0.24	0.72	5.40	Yes
Delaware	0.16	0.97	3.75	N/A ²
Florida	0.48	2.25	6.50	Yes
Georgia	0.32	1.51	3.79	Yes
Hawaii	0.93	1.38	5.98	Yes
Idaho	0.15	0.45	N/A ¹	Yes
Illinois	0.231	1.39	8.55	Yes
Indiana	0.115	0.47	2.68	Yes
Iowa	0.19	1.75	N/A ¹	Yes
Kansas	0.18	0.30	2.50	No ³
Kentucky	0.08	0.50	1.92	Yes
Louisiana	0.32	0.11	2.50	Yes
Maine	0.35	0.60	N/A ¹	Yes
Maryland	0.09	0.40	1.50	No – 9% ⁴
Massachusetts	0.11	0.55	4.05	No
Michigan	0.20	0.51	N/A ¹	Yes
Minnesota	0.15	0.30	5.03	No – 9% ⁴
Mississippi	0.4268	0.35	N/A ¹	Yes
Missouri	0.06	0.42	2.00	Yes
Montana	0.14	1.06	N/A ¹	N/A ²
Nebraska	0.31	0.95	3.75	Yes
Nevada	0.16	0.70	3.60	Yes
New Hampshire	0.30	N/A ¹	N/A ¹	N/A ²
New Jersey	0.12	0.875	5.50	Yes
New Mexico	0.41	1.70	6.06	Yes
New York	0.14	0.30	6.44	Yes
North Carolina	0.6171	1.00	N/A ¹	Yes
North Dakota	0.16	0.50	2.50	No – 7% ⁴
Ohio	0.18	0.32	N/A ¹	Yes
Oklahoma	0.40	0.72	5.56	Yes
Oregon	0.08	0.67	N/A ¹	N/A ²
Pennsylvania	0.08	N/A ¹	N/A ¹	Yes
Rhode Island	0.11	1.40	5.40	Yes ⁵

Table 3 (continued)

STATE	PER-GALLON EXCISE TAX (\$ per gallon)			GENERAL SALES TAX APPLIES
	Beer	Wine	Liquor	
South Carolina	0.77	0.90	2.72	Yes
South Dakota	0.27	0.93	3.93	Yes
Tennessee	1.29	1.21	4.40	Yes
Texas	0.20	0.204	2.40	Yes
Utah	0.41	N/A ¹	N/A ¹	Yes
Vermont	0.265	0.55	N/A ¹	No -10% for on-premise sales ⁴
Virginia	0.26	1.51	N/A ¹	Yes
Washington	0.26	0.87	14.27	Yes
West Virginia	0.18	1.00	N/A ¹	Yes
Wisconsin	0.06	0.25	3.25	Yes
Wyoming	0.02	N/A ¹	N/A ¹	Yes
Dist. of Columbia	0.09	0.30	1.50	No – 9% ⁴
Median	\$0.20	0.72	\$3.75	--

Source: FTA [State Tax Rates on Beer](#), [State Tax Rates on Wine](#), and [State Tax Rates on Distilled Spirits](#)

¹State controls all sales directly. Revenue is generated from other taxes, fees, and net profits.

²These five states do not have a general sales tax.

³Sales tax rates on alcohol are 8% for off-premises and 10% for on-premises sales (11% for off-premises wine sales); rate is 4.23% for sales of beer with less than 3.2% alcohol.

⁴These jurisdictions apply a higher sales tax rate to alcoholic beverages than their general rates. The general rate is 6% in Maryland, 6.875% in Minnesota, 5% in North Dakota, 6% in Vermont, and 5.75% in DC.

⁵In 2015, Rhode Island permanently exempted wine and spirits sold at liquor stores from sales tax. Beer and other malt beverages are subject to the tax.

RP:bs