



Alcohol and Tobacco Taxes

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Alcohol and Tobacco Taxes

The state imposes a number of excise and occupational taxes on the sale of specific products in Wisconsin. An excise tax is a tax on the consumer, rather than the seller, while an occupational tax is imposed on the privilege of engaging in a particular business. State general fund excise or occupational taxes are currently levied on cigarettes, tobacco products, fermented malt beverages (primarily beer, but includes other malted beverages such as certain hard lemonades, malt-based coolers, and malt liquors), and intoxicating liquor (including wine, hard cider, and liquor). Information is presented in this paper on the taxes imposed on each of these products. In addition, a summary of the excise tax rates imposed on alcohol and tobacco products by the federal government and other states is included in the final sections of the paper. [The excise taxes charged on motor vehicle and alternate fuel, which are deposited in the transportation fund, are described in the Legislative Fiscal Bureau's informational paper entitled, "Motor Vehicle Fuel and Alternate Fuel Tax."]

Taxes on Alcohol and Tobacco in Wisconsin

Cigarette Tax

The state imposes an excise tax on the sale of cigarettes. The tax rate is generally \$2.52 per pack, or 126 mills per cigarette, although for larger cigarettes (weighing more than three pounds per thousand) the tax rate is 252 mills per cigarette. A mill equals one-tenth of one cent.

The tax is paid through the purchase of tax stamps from the Department of Revenue (DOR), generally by a manufacturer, including the owner of an automated roll-your-own cigarette machine, or a distributor. The tax stamp must be affixed to

each pack of cigarettes prior to its first sale in the state. Manufacturers and distributors receive a 0.8% discount on total stamp purchases (or tax payments) as compensation for their administrative costs.

Since the cigarette tax was first imposed in 1939, at a general tax rate of 2¢ per pack, the cigarette tax rate has been raised 17 times to its current rate of \$2.52 per pack. The current rate was established in 2009 Wisconsin Act 28, and became effective September 1, 2009. Changes in the cigarette tax rate are outlined in Table 1.

Table 1: Cigarette Tax Rates Per Pack

Effective Date	Tax Rate
September 20, 1939	\$0.02
July 21, 1949	0.03
July 1, 1955	0.04
July 1, 1957	0.05
September 1, 1961	0.06
August 15, 1963	0.08
August 1, 1965	0.10
September 1, 1969	0.14
November 5, 1971	0.16
August 1, 1981	0.20
May 1, 1982	0.25
September 1, 1987	0.30
May 1, 1992	0.38
September 1, 1995	0.44
November 1, 1997	0.59
October 1, 2001	0.77
January 1, 2008	1.77
September 1, 2009	2.52

Table 2 presents a summary of cigarette tax collections since 2007-08. Revenue "spikes" from the cigarette excise tax have been due to tax increases, rather than increased volume of sales. The 53.9% increase in revenues from the cigarette tax realized in state fiscal year 2007-08, for example, followed a \$1.00 increase in the tax rate

Table 2: Cigarette Tax Collections (\$ in Millions)

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
2007-08	\$455.72	53.9%	3.49%
2008-09	551.34	21.0	4.55
2009-10	644.27	16.9	5.31
2010-11	604.83	-6.1	4.68
2011-12	587.75	-2.8	4.35
2012-13	569.15	-3.2	4.04
2013-14	573.04	0.7	4.11
2014-15	569.55	-0.6	3.92
2015-16	573.41	0.7	3.80
2016-17	564.20	-1.6	3.64
2017-18	538.90	-4.5	3.34

that took effect on January 1, 2008. In contrast, the number of packs of cigarettes for which tax stamps were purchased in that year dropped by over 9% from 2006-07. The same pattern holds for the revenue increases that were realized in fiscal years 2008-09 and 2009-10 -- while cigarette tax revenues increased, following a tax increase, taxable sales of cigarettes declined.

The largest annual decrease in cigarette tax revenue was 6.1% for 2010-11. Beginning July 5, 2010, smoking is prohibited in most indoor public places, businesses, places of work, and certain outdoor areas in this state, pursuant to 2009 Wisconsin Act 12. As a result, tax collections for 2010-11 reflect the first year in which the state smoking ban contributed to reduced cigarette consumption.

In years in which the smoking ban was not enacted and there was no tax increase, there have been either moderate increases or decreases in cigarette tax revenues. In the 10 years leading up to fiscal year 2017-18, overall cigarette consumption in Wisconsin, as measured by the number of taxed cigarette packs sold to distributors, is estimated to have declined by 39%. The federal tax increase of 62¢ per pack on April 1, 2009 also contributed to reduced cigarette consumption in the state. (The last increase brought the federal cigarette excise tax to \$50.33 per thousand, or \$1.0066 per pack.)

1997 Act 27 and 2007 Act 20 reduced the discount on stamp purchases for manufacturers and distributors from 2% to 1.6% and 0.7% respectively. As mentioned, the discount is provided to manufacturers and distributors as compensation for their administrative costs associated with the tax. Previously, decreases in the rate of the discount were enacted to keep the total discount at approximately the same per pack level as it was prior to the increases in the cigarette tax rate. However, no reduction to the discount rate was included with the 2009 Act 28 cigarette tax increase, and the discount was raised to 0.8% without a change in the cigarette tax rate under 2017 Act 59.

2005 Act 25 authorized direct marketing of cigarettes to consumers in this state if a direct marketer meets certain requirements. Under prior law, direct marketing of cigarettes to Wisconsin consumers was prohibited unless the seller had a valid municipal retail license for the municipality into which each sale was made. Act 25 authorized direct marketing for a direct marketer that registers with DOR and certifies that the direct marketer will sell only stamped cigarettes. In addition, the direct marketer must verify consumer names, addresses, and ages, and comply with certain other administrative requirements, including certain provisions that also apply to permitted cigarette distributors. The provisions took effect July 27, 2005. As of August, 2018, no direct marketers have registered under these provisions.

Tobacco Products Tax

The state imposes an excise tax on the sale of all tobacco products except cigarettes. The tobacco products tax is paid by distributors at rates of 100% of the manufacturer's list price for moist snuff and 71% of the manufacturer's list price for all other tobacco products, with a maximum tax of 50¢ per cigar. The tax rates were raised to their current levels on September 1, 2009, pursuant to 2009 Act 28. Act 28 also converted the tax on moist snuff from a weight-based tax to a price-

**Table 3: Tobacco Products Tax Collections
(\$ in Millions)**

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
2007-08	\$29.75	69.8%	0.23%
2008-09	42.24	42.0	0.35
2009-10	59.89	41.8	0.49
2010-11	60.89	1.7	0.47
2011-12	65.52	7.6	0.48
2012-13	63.02	-3.8	0.45
2013-14	67.69	7.4	0.49
2014-15	71.92	6.2	0.49
2015-16	76.13	5.9	0.50
2016-17	80.28	5.5	0.52
2017-18	80.20	-0.1	0.50

based tax. The tax is paid on the basis of monthly returns filed with DOR. Table 3 shows tobacco products tax collections since 2007-08.

The tax on tobacco products was established at 20% of the manufacturer's list price for all tobacco products in Chapter 20, Laws of 1981, effective October 1, 1981. Table 4 shows the historical changes to the tobacco products tax rates. Prior to 2007 Act 20, all tobacco products other than cigarettes were subject to the same tax rates. Act 20 created a separate tax rate for moist snuff and established a maximum tax per cigar. Between 2007-08 and 2017-18, collections ranged from \$29.8 million to \$80.3 million. Unlike other state excise and occupational taxes which are imposed as a fixed amount per unit of product, the tobacco products tax is levied as a percentage of price

(except for sales of moist snuff from January 1, 2008, through August 31, 2009). Therefore, collections of the tobacco products tax increase over time as prices rise. The largest annual increases in revenues from the tax over this period, 69.8% in 2007-08, 42.0% in 2008-09, and 41.8% in 2009-10, reflect implementation of higher tax rates.

Refunds to Native American Tribes

Federal law prohibits states from imposing a cigarette tax or a tobacco products tax on sales by Native Americans to Native Americans who reside on their own reservations or trust land. To discourage purchases of non-taxed cigarette and tobacco products on reservations by non-Native Americans, state law permits DOR to enter into agreements with Native American tribes to impose these excise taxes. The agreements are described below.

The tax on cigarettes was converted from an occupational tax to an excise tax under the 1983-85 biennial budget bill (1983 Act 27). This change allowed the state to impose the tax on sales of cigarettes made by Native Americans to non-Native Americans on reservations. Previously, unstamped (untaxed) cigarettes were sold on reservations, which raised concern regarding competition and the administration and collection of taxes for sales to non-Native Americans. Act 27 authorized DOR to refund a portion of cigarette

Table 4: Tobacco Products Tax Rates

Effective Date	Moist Snuff Tax Rate	Other Tobacco Products Tax Rate	Cigar Tax Rate
October 1, 1981	20% of the manuf. list price	20% of the manuf. list price	20% of the manuf. list price
October 1, 2001	25% of the manuf. list price	25% of the manuf. list price	25% of the manuf. list price
January 1, 2008	\$1.31 per ounce	50% of the manuf. list price	50% of the manuf. list price, but not more than 50¢ per cigar
September 1, 2009	100% of the manuf. list price	71% of the manuf. list price	71% of the manuf. list price but not more than 50¢ per cigar

taxes collected on sales to non-Native Americans. Currently, the state has agreements with all 11 Native American tribes in Wisconsin through which the state provides a refund to the tribes of 70% of the tax paid on sales to non-Native Americans, and 100% of the tax paid on sales to eligible Native American tribal members. Eligible tribal members must reside on the reservation or trust land of the tribe where the sale took place and be an enrolled member of that tribe.

The tax on tobacco products was converted from an occupational tax to an excise tax under 1999 Act 9 (the 1999-01 biennial budget act). Prior to Act 9, it was common for distributors to sell untaxed tobacco products to Native American retailers and to claim exemptions from the tax for such sales when filing tax returns with DOR. Act 9 specified that all tobacco products were subject to the tax unless specifically exempted, and imposed penalties on distributors who failed to collect and remit the appropriate tax. These changes meant that tribal retailers could no longer purchase untaxed tobacco products. However, Act 9 authorized DOR to enter into agreements with the tribes to refund 100% of tobacco products taxes paid on sales to eligible tribal members on reservations and 50% of such taxes paid on sales to non-tribal members. The Department has entered into such agreements with 10 of the 11 Wisconsin tribes. Although the refund rates for sales to non-tribal members differ, the refund provisions for the tobacco products taxes and the cigarette tax are comparable.

Table 5 shows cigarette and tobacco products refunds that have been paid to tribes since 2007-08. The largest annual increases in tribal refunds, 72.2% in 2007-08, 52.4% in 2008-09, and 37.5% in 2009-10 correspond to years in which cigarette and tobacco product taxes were increased. Growth rate volatility of between 18.2% and -25.5% during years in which tax increases did not occur was primarily caused by the timing of refund claims submitted by tribes near the end of the fiscal year.

Table 5: Cigarette and Tobacco Products Refunds Paid to Tribes (\$ in Millions)

Fiscal Year	Cigarette Refunds	Tobacco Products Refunds	Total Refunds	% Change From Prior Year
2007-08	\$19.94	\$0.34	\$20.28	72.2%
2008-09	30.15	0.75	30.90	52.4
2009-10	41.28	1.21	42.49	37.5
2010-11	38.89	1.10	39.99	-5.9
2011-12	36.04	1.76	37.80	-5.5
2012-13	27.03	1.12	28.15	-25.5
2013-14	31.42	1.31	32.73	16.3
2014-15	34.98	1.45	36.43	11.3
2015-16	33.43	1.49	34.92	-4.1
2016-17	39.11	2.17	41.28	18.2
2017-18	31.02	1.33	32.35	-21.6

In 2017-18, \$32.3 million in refunds were paid to tribes in this state, with refunds from cigarettes accounting for 96% of total refunds paid to tribes.

Liquor, Wine, and Cider Taxes

The state imposes occupational taxes on the sale of liquor, wine, and fermented cider at the rates shown in Table 6.

In addition to the \$3.25 per gallon tax on liquor, an administrative fee of 11¢/gallon is also imposed. The fee, which is paid to DOR along with liquor taxes, is deposited to a program revenue appropriation and used for costs incurred by the Department in administering the state liquor

Table 6: Liquor, Wine and Cider Tax Rates

Beverage	Tax Rate Per Liter	Tax Rate Per Gallon
Liquor*	85.86¢	\$3.25
Wine		
Up to 14% Alcohol	6.605	0.25
14% to 21% Alcohol	11.89	0.45
Cider		
Less than 7% Alcohol	1.71	0.06
More than 7% Alcohol	Taxed as Wine	

*Excludes administrative fee of 11¢/gallon that is levied by the Department of Revenue.

Table 7: Liquor and Wine Tax Collections (\$ in Millions)

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
2007-08	\$45.17	5.8%	0.35%
2008-09	44.13	-2.3	0.36
2009-10	44.18	0.1	0.36
2010-11	45.80	3.7	0.35
2011-12	47.04	2.7	0.35
2012-13	48.29	2.7	0.34
2013-14	48.99	1.4	0.35
2014-15	48.77	0.5	0.34
2015-16	49.99	2.5	0.33
2016-17	52.08	4.2	0.34
2017-18	51.97	-0.2	0.32

tax and enforcing the three-tier system for alcohol beverage production, distribution, and sale.

Liquor, wine, and cider taxes are collected through monthly payments by distributors and out-of-state direct shippers, based on the actual tax liability for the previous month. The tax payments and a tax return are due on the 15th day of each month. A summary of liquor and wine tax revenues since 2007-08 is presented in Table 7.

With one exception, the occupational tax on liquor and wine has not been modified since Chapter 20, Laws of 1981, effective August 1, 1981. Pursuant to 2015 Act 55, pear cider is taxed at the same rate as hard cider (instead of being taxed as wine). Hard cider is defined as fermented apple or pear juice that contains 0.5% to 7.0% alcohol by volume. Wine is defined as including cider containing more than 7.0% alcohol by volume.

Beer Tax

An occupational tax is imposed by the state on the sale of beer and other fermented malt beverages. The tax rate is \$2 per barrel of 31 gallons, or approximately 6.5¢ per gallon. A 50% tax credit on the first 50,000 barrels produced is available to brewers who produce fewer than 300,000 barrels per year. The tax is paid by

brewers, bottlers, and wholesalers on a monthly basis. The tax on beer was established at its current \$2 per barrel level in Chapter 185, Laws of 1969. A summary of recent collection amounts is presented in Table 8.

Table 8: Beer Tax Collections (\$ in Millions)

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
2007-08	\$9.62	1.0%	0.07%
2008-09	9.91	3.0	0.08
2009-10	9.61	-3.1	0.08
2010-11	9.33	-2.9	0.07
2011-12	9.24	-0.9	0.07
2012-13	9.00	-2.6	0.06
2013-14	8.97	-0.4	0.06
2014-15	8.83	-1.5	0.06
2015-16	8.98	1.7	0.06
2016-17	9.13	1.6	0.06
2017-18	8.91	-2.4	0.06

Federal Taxes on Alcohol and Tobacco

The federal excise tax on cigarettes is currently \$1.0066 per pack. This rate took effect on April 1, 2009. Previous per-pack federal excise tax rates, and the periods during which those rates were in effect, are shown in Table 9.

Table 9: Federal Cigarette Tax Rates Since 1940

Effective Date	Tax Rate
July 1, 1940	\$0.065
November 1, 1942	0.07
November 1, 1951	0.08
January 1, 1983	0.16
January 1, 1991	0.20
January 1, 1993	0.24
January 1, 2000	0.34
January 1, 2002	0.39
April 1, 2009	1.0066

The current federal taxes on tobacco products are as follows:

Snuff	\$1.51 per pound
Chewing Tobacco	50.33¢ per pound
Pipe Tobacco	\$2.8311 per pound
Roll-Your-Own Tobacco	\$24.78 per pound
Cigarette Papers	3.15¢ for 50 papers
Cigarette Tubes	6.30¢ for 50 tubes
Small Cigars	\$50.33 per 1,000
Large Cigars	52.75% of the manufacturer's or importer's sales price, but not more than 40.26¢ per cigar

These rates took effect April 1, 2009, and are higher than the previous tax rates.

The federal Tax Cuts and Jobs Act (TCJA) of 2017 temporarily set new liquor, wine, and beer tax rates for 2018 and 2019. Under the TCJA, federal law will revert to the 2017 rates, which are included in the Appendix, beginning in 2020.

Following the TCJA, the federal liquor tax is imposed at graduated rates that increase with the number of proof gallons handled.

First 100,000 proof gallons	\$2.70 per gallon
100,000-22.23 million proof gallons	13.34 per gallon
Over 22.23 million proof gallons	13.50 per gallon

A proof gallon is one gallon of 100 proof liquor. For example, the first 100,000 gallons of 80 proof alcohol produced are taxed at \$2.16 per gallon, gallons produced in the second tier are taxed at \$10.67 per gallon, and all gallons exceeding 22.23 million are taxed at \$10.80 per gallon (80% of \$2.70, \$13.34, and \$13.50, respectively). The Wisconsin liquor tax, in contrast, is based on the volume of the beverage in liters and does not consider the alcohol content.

Federal wine taxes are based on wine gallons (128 fluid ounces) rather than proof gallons. Similar to liquor, the TCJA establishes lower rates for specific wine gallon thresholds. The rates

increase on a graduated scale up to 750,000 wine gallons, as shown in Table 10.

Table 10: Federal Wine Tax Rates in 2018 and 2019

Tax Class	First 30,000 w. gal	30,000- 100,000 w. gal	130,000- 750,000 w. gal	Over 750,000 w. gal
Mead/Wine less than 16% alcohol	\$0.07	\$0.17	\$0.535	\$1.07
16-21% alcohol	0.57	0.67	1.035	1.57
21-24% alcohol	2.15	2.25	2.615	3.15
Artificially carbonated wine	2.30	2.40	2.765	3.30
Sparkling wine	2.40	2.50	2.865	3.40
Hard cider, 0.5-8.5% alcohol	0.164	0.17	0.193	0.226

Under the TCJA, the federal beer tax for all brewers is \$16 per barrel of 31 gallons for the first six million barrels produced annually, and \$18 per barrel thereafter. A reduced rate of \$3.50 per barrel for the first 60,000 barrels of beer produced annually, and \$16 per barrel thereafter, is provided for domestic brewers that produce not more than two million barrels in a calendar year.

Taxes on Alcohol and Tobacco in Other States

Information on the excise taxes imposed by other states on cigarettes, tobacco products, liquor, and beer is summarized in the following tables. These tables reflect state tax law changes in other states as of December, 2018.

Table 11 identifies the cigarette tax rates in effect in other states. These rates apply to packages of 20 cigarettes. Some states impose a higher tax rate on cigarettes weighing more than three pounds per thousand. In such cases, the rates shown in Table 11 are for packages of cigarettes weighing not more than three pounds per thousand, which is the most common type of package sold.

Table 11: Cigarette Tax Rates by State as of December, 2018

State	Tax Per Pack	State	Tax Per Pack	State	Tax Per Pack
District of Columbia*	\$4.940	Maryland	\$2.000	Louisiana	\$1.080
Connecticut	4.350	Michigan	2.000	Indiana	0.995
New York	4.350	Illinois	1.980	Colorado	0.840
Rhode Island	4.250	Nevada	1.800	Mississippi	0.680
Minnesota**	3.614	New Hampshire	1.780	Alabama	0.675
Massachusetts	3.510	Montana	1.700	Nebraska	0.640
Hawaii	3.200	Utah	1.700	Tennessee	0.620
Vermont	3.080	New Mexico	1.660	Wyoming	0.600
Washington	3.025	Ohio	1.600	Idaho	0.570
California	2.870	South Dakota	1.530	South Carolina	0.570
New Jersey	2.700	Texas	1.410	North Carolina	0.450
Pennsylvania	2.600	Iowa	1.360	North Dakota	0.440
WISCONSIN	2.520	Florida	1.339	Georgia	0.370
Delaware	2.100	Oregon	1.330	Virginia	0.300
Oklahoma	2.030	Kansas	1.290	Missouri	0.170
Alaska	2.000	West Virginia	1.200		
Arizona	2.000	Arkansas	1.150		
Maine	2.000	Kentucky	1.100		

* Rate includes \$0.44 surtax for each pack of cigarettes, which replaces the sales tax on cigarettes.

** Rate includes \$0.574 cigarette sales tax.

Sources: Federation of Tax Administrators, state tax publications, and state websites.

Table 12 presents a summary of excise tax rates on tobacco products in other states. As noted, Wisconsin caps its tax on cigars at 50¢ each. Seven other states also have caps on their cigar taxes (Arkansas, Connecticut, Iowa, Minnesota, Oregon, Rhode Island, and Washington), but these are not shown in Table 12.

Table 13 summarizes the excise tax rates imposed on liquor for the 33 states (plus the District of Columbia) that license the sale of liquor by private individuals. [Tax rates for the 17 states that maintain a complete or partial government monopoly on the sale of liquor are not provided. Such states generate revenue from a variety of taxes, fees, and net liquor profits.] Many states have separate rates for wine, champagne, and other alcoholic beverages. In some cases, the tax imposed on liquor depends on the percentage of alcohol content by volume. In addition, a number of states impose an additional tax based on: (a) a percentage of the wholesale price; (b) a percentage of the re-

tail price for on-premise and/or off-premise consumption; and (c) a charge per bottle or per volume sold. In all cases where such variation exists, Table 13 provides only the primary liquor tax rate.

Table 14 presents a summary of the excise tax rates levied in other states on the sale of beer. In addition to the rates shown, some states offer a reduced tax rate for beer sold by smaller breweries. In a number of states, the tax rate depends on the alcohol content of the beer. Also, some states impose an additional tax based on the wholesale or retail price or on a per unit basis, sometimes in connection with the location of the sale. Table 14 provides only the primary tax rate on beer, both by the gallon and by the barrel. In cases where the rate per barrel varies with the volume of beer included in the packaging sold (for example, a half barrel of beer has a different tax rate than a case of beer), the state's highest statutory tax rate is shown in Table 14.

Table 12: Tobacco Products Tax Rates by State as of December, 2018

States That Impose Tax as a Percentage of the Price

State	Tax	State	Tax
Alaska	75.0% of wholesale price	Nevada	30.0% of wholesale price
California	62.78% of wholesale value	New Hampshire	65.03% of wholesale price
Colorado	40.0% of manuf. list price	New Mexico	25.0% of wholesale product value
Florida	85.0% of wholesale price	South Carolina	5.0% of manuf. price
Idaho	40.0% of wholesale price	South Dakota	35.0% of wholesale price
Mississippi	15.0% of manuf. listprice	Tennessee	6.6% of wholesale price
Missouri	10.0% of manuf. invoice price		

States That Impose Tax That Differs by Product

State/Product	Range of Tax Rates	State/Product	Range of Tax Rates
Alabama		Iowa	
Cigars	\$40.50/1,000	Little Cigars	6.8¢ per cigar
Little Cigars	4¢ per 10	Snuff	\$1.19 per ounce
Filtered Cigars	15¢ per 10	All other Tobacco	50.0% of wholesale price
Smoking Tobacco	Up to 6¢ per ounce	Kansas	
Chewing Tobacco	1.5¢ per ounce	Electronic Cigarettes	5¢ per milliliter
Snuff	Up to 12¢ per ounce	All Other Tobacco	10.0% of wholesale price
Arizona		Kentucky	
Cigars	21.8¢ for 3 to 21.8¢ each	Snuff	19¢ per 1.5 ounces
Little Cigars	44.10¢ per 20	Chewing Tobacco	Up to 5¢ per ounce
Plug Tobacco	5.50¢ per ounce	All Other Tobacco	15% of wholesale price
Other Tobacco	22.3¢ per ounce	Louisiana	
Arkansas		Cigars	8% to 20% of manuf. invoice price
Cigarette Papers	25¢ per 32 sheets	Smoking Tobacco	33% of invoice price
Other Tobacco	68% of manuf. selling price	Smokeless Tobacco	20% of invoice price
Connecticut		Electronic Cigarettes	5¢ per milliliter
Snuff	\$3.00 per ounce	Maine	
All Other Tobacco	50% of wholesale price	Smokeless Tobacco	\$2.02 per ounce
Delaware		Smoking Tobacco	20% of wholesale sales price
Moist Snuff	92¢ per ounce	Maryland	
Electronic Cigarettes	5¢ per milliliter	Cigars	70% of wholesale price
All Other Tobacco	30% of wholesale price	Premium Cigars	15% of wholesale price
District of Columbia		All Other Tobacco	30% of wholesale price
Cigars	70% of gross receipts	Massachusetts	
Little Cigars	\$4.94 per 20	Little Cigars	\$3.51 per 20
All Other Tobacco	96% of wholesale price	Smoking Tobacco	40% of wholesale price
Electronic Cigarettes	96% of wholesale price	Smokeless Tobacco	210% of wholesale price
Georgia		Michigan	
Cigars	23% of wholesale price	Premium Cigars	50¢ per cigar if >\$1.56, 32% of WP if <\$1.56
Little cigars	5¢ per 20	All Other Tobacco	32% of wholesale price
Loose/Smokeless Tobacco	10% of wholesale price	Minnesota	
Hawaii		Moist Snuff	Greater of \$3.04 per 1.2 ounces or 95% of manuf. wholesale price
Little Cigars	16¢ per cigar	Electronic Cigarettes	95% of wholesale price
Cigars	50% of wholesale price	All Other Tobacco	95% of wholesale price
Other Tobacco	70% of wholesale price	Montana	
Illinois		Moist Snuff	85¢ per ounce
Moist Snuff	30¢ per ounce	All Other Tobacco	50% of wholesale price
Other Tobacco	36% of wholesale price	Nebraska	
Indiana		Snuff	44¢ per ounce
Moist Snuff	40¢ per ounce	Other Tobacco	20.0% of manuf. selling price
All Other Tobacco	24% of wholesale price	New Jersey	
		Moist Snuff	75¢ per ounce
		Electronic Cigarettes	10¢ per milliliter
		All Other Tobacco	30.0% of wholesale price

Table 12: Tobacco Products Tax Rates by State as of December, 2018 (continued)*States That Impose Tax That Differs by Product (continued)*

State/Product	Range of Tax Rates	State/Product	Range of Tax Rates
New York		Texas	
Snuff	\$2.00 per ounce	Little Cigars	1¢ per 10
Little Cigars	\$4.35 per 20	Cigars	\$7.50/1,000 to \$15/1,000
All Other Tobacco	75% of wholesale price	All Other Tobacco	\$1.22 per ounce
North Carolina		Utah	
Electronic Cigarettes	5¢ per milliliter	Moist Snuff	\$1.83 per ounce
All Other Tobacco	12.8% of wholesale price	Little Cigars	8.5¢ per cigar
		All Other Tobacco	86% of manuf. sales price
North Dakota		Vermont	
Cigars & Pipe Tobacco	28% of wholesale price	Snuff	\$2.57 per ounce
Snuff	60¢ per ounce	Smokeless Tobacco	\$2.57 per ounce
Chewing Tobacco	16¢ per ounce	Little Cigars	15.4¢ per cigar
		Cigars	\$2 per cigar if >\$2.18, \$4 per cigar if >\$10
Ohio		All Other Tobacco	92% of wholesale price
Little Cigars	37% of wholesale price	Virginia	
All Other Tobacco	17% of wholesale price	Moist snuff	18¢ per ounce
Oklahoma		Loose Leaf Tobacco	Up to 10¢ per ounce
Cigars	36¢ to 220¢ per 10	All Other Tobacco	10% of manuf. sales price
Smoking Tobacco	80% of factory list price		
Snuff; Chewing and		Washington	
Smokeless Tobacco	60% of factory list price	Moist Snuff	\$2.526 per unit of 1.2 ounces
		Little Cigars	15.125¢ per cigar
Oregon		All Other Tobacco	95% of taxable sales price
Moist Snuff	\$1.78 per ounce	West Virginia	
All Other Tobacco	65.0% of wholesale price	Electronic Cigarettes	7.5¢ per milliliter
Pennsylvania		All Other Tobacco:	12.0% of wholesale price
Little Cigars	13¢ per cigar	WISCONSIN	
Electronic Cigarettes	40% of wholesale price	Moist Snuff	100% of manuf. list price
All Other Tobacco		All Other Tobacco	71% of manuf. list price
Excluding Cigars	55¢ per ounce	Wyoming	
Rhode Island		Moist Snuff	60¢ per ounce
Snuff	\$1.00 per ounce	All Other Tobacco	20.0% of wholesale price
Little Cigars	21.3¢ per cigar		
All Other Tobacco	80% of wholesale cost		

Sources: National Association of Tobacco Outlets, state tax publications, and state websites.

Table 13: Liquor Tax Rates for License States as of December, 2018

State	Tax Per Gallon	State	Tax Per Gallon	State	Tax Per Gallon
Washington	\$14.27	Delaware	\$4.50	Indiana	\$2.68
Alaska	12.80	Tennessee	4.40	Arkansas	2.50
Illinois	8.55	Massachusetts	4.05	Kansas	2.50
Florida	6.50	South Dakota	3.93	North Dakota	2.50
New York	6.44	Georgia	3.79	Texas	2.40
New Mexico	6.06	Nebraska	3.75	Colorado	2.28
Hawaii	5.98	Nevada	3.60	Missouri	2.00
Oklahoma	5.56	California	3.30	Kentucky	1.92
New Jersey	5.50	WISCONSIN	3.25	District of Columbia	1.50
Connecticut	5.40	Louisiana	3.03	Maryland	1.50
Rhode Island	5.40	Arizona	3.00		
Minnesota	5.03	South Carolina	2.72		

Sources: State tax publications and state websites.

Table 14: Beer Tax Rates by State as of December, 2018

State	Tax in ¢ Per Gallon	Tax in \$ Per Barrel	State	Tax in ¢ Per Gallon	Tax in \$ Per Barrel
Tennessee*	128.7¢	\$39.89	California	20.0¢	\$6.20
Alaska	107.0	33.17	Texas	19.4	6.00
Alabama**	105.3	32.64	Iowa	19.0	5.89
Georgia***	101.3	31.41	Kansas	18.0	5.58
Hawaii	93.0	28.83	Ohio	18.0	5.58
South Carolina	76.8	23.81	West Virginia	17.7	5.50
North Carolina	61.7	19.13	Arizona	16.0	4.96
Florida	48.0	14.88	Nevada	16.0	4.96
Mississippi	42.7	13.23	North Dakota	16.0	4.96
Utah	41.3	12.80	Idaho	15.0	4.65
New Mexico	41.0	12.71	Minnesota	14.8	4.60
Louisiana	40.3	12.50	New York	14.0	4.34
Oklahoma	40.3	12.50	Montana	13.9	4.30
Maine	35.0	10.85	New Jersey	12.0	3.72
Nebraska	31.0	9.61	Indiana	11.5	3.57
New Hampshire	30.0	9.30	Massachusetts	10.6	3.30
South Dakota	27.4	8.50	Rhode Island	10.6	3.30
Vermont	26.5	8.22	District of Columbia	9.0	2.79
Delaware	26.3	8.15	Maryland	9.0	2.79
Washington	26.1	8.08	Oregon	8.4	2.60
Virginia	25.7	7.95	Kentucky	8.1	2.50
Connecticut	24.0	7.44	Colorado	8.0	2.48
Arkansas	23.4	7.27	Pennsylvania	8.0	2.48
Illinois	23.1	7.16	WISCONSIN	6.5	2.00
Michigan	20.3	6.30	Missouri	6.0	1.86
			Wyoming	1.9	0.59

*Includes a local beer wholesale tax of \$35.60 per barrel

** Includes uniform local tax rate of \$0.52 per gallon

***Includes a uniform local tax rate of \$16.50 per barrel, though additional local excise taxes may apply

Sources: State tax publications and state websites.

APPENDIX

Federal Alcohol Taxes Effective Prior to 2018 and After 2019

The federal alcohol tax rates described below were in effect prior to 2018. Following expiration of the temporary rates authorized under the TCJA, the rates below are scheduled to take effect again beginning in 2020.

Liquor

The federal liquor tax is \$13.50 per proof gallon (one gallon of 100 proof liquor).

Wine

Federal law provides five separate rates for the taxation of wine.

Less than 14% alcohol	\$1.07 per gallon
14% to 21% alcohol	1.57 per gallon
21% to 24% alcohol	3.15 per gallon
Artificially carbonated wine	3.30 per gallon
Champagne and other sparkling wines	3.40 per gallon

A separate rate of 22.6¢ per gallon is imposed on

hard cider from apples containing at least 0.5% and less than 8.5% alcohol by volume.

Federal law also provides a credit of 90¢ per gallon of wine--or 5.6¢ per gallon of hard cider--for the first 100,000 gallons sold by a small winery producing not more than 150,000 gallons per year, with decreasing credit rates for a winery producing up to 250,000 gallons per year. Champagne and other sparkling wines are excluded from this federal tax credit.

Beer

The federal beer tax is \$18 per barrel of 31 gallons (approximately 58¢ per gallon). However, a reduced rate of \$7 per barrel is provided for the first 60,000 barrels of beer produced annually for a brewer that produces not more than two million barrels in a calendar year.