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excise taxes

(alcohol, tobacco, vapor)

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Excise Taxes (Alcohol, Tobacco, Vapor)

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, vapor 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 Tobacco and Vapor Products 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 under Chapter 443, Laws of 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 Act 28. 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 2009-10. The 16.9% increase in revenues realized in state fiscal year 2009-10 followed a 75¢ increase in the tax rate that took effect on September 1, 2009. In contrast, the

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

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
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
2018-19	514.27	-4.6	2.97
2019-20	523.56	1.8	2.99

number of packs of cigarettes for which tax stamps were purchased in that year dropped by nearly 15% from 2008-09.

The largest annual decrease in cigarette tax revenue, shown in Table 2, 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 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.

Over the last nine years, during which the smoking ban was not enacted and there was no tax increase, cigarette tax revenues have generally decreased. The largest decline in revenues since 2011-12 was -4.6% in 2018-19. The increase seen in 2019-20 marked one of only three years that cigarette revenues have increased, and these increases coincided with a neighboring state's tax increase. In the nine years leading up to fiscal year 2019-20, overall cigarette consumption in Wisconsin, as measured by the number of taxed cigarette packs sold to distributors, is estimated to have declined by nearly 11%.

From 2008-09 through 2019-20, Wisconsin taxable cigarette consumption has declined by 33%. This decline reflects the impact of both the

most recent federal and state cigarette tax increases and the state smoking ban. If the 2008 state tax increase is included when considering the decline in taxable cigarette consumption, overall consumption has decreased more than 46% since 2006-07. The observed decrease in taxable packs sold follows the general decline in cigarette consumption in the United States over the last 15 years, according to the federal Center for Disease Control and Prevention. In 2018, 13.7% of adults were considered current smokers, down from 20.9% in 2005.

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 July, 2020, no direct marketers have registered under these provisions.

Table 3: 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

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-based tax. The tax is paid on the basis of monthly returns filed with DOR.

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 3 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.

Table 4 shows tobacco products tax collections since 2009-10. During this period, collections ranged from \$59.9 million to \$91.4 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. Therefore, collections of the tobacco products tax increase over time as prices

rise. The largest annual increase in revenue from the tax over this period, 41.8% in 2009-10, reflects implementation of a higher tax rate. With the exception of 2012-13 and 2017-18, tobacco tax collections have grown steadily each year. Since 2009-10, the comprehensive annual average growth rate in tobacco tax collections was 4.3%, and annual growth has been 5.5% or higher in seven of the last 10 years.

Table 4: Tobacco Products Tax Collections (\$ in Millions)

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
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
2018-19	85.52	6.6	0.49
2019-20	91.36	6.8	0.52

Vapor Products Tax

2019 Act 9 imposed an excise tax on the sale of vapor products at a rate of 5¢ per milliliter of the liquid. This applies to a liquid or other substance that functions as part of a vapor product or is sold with a vapor product as one packaged item.

Vapor products are sold in various types. For example, some vapor products are disposable and are intended for single use, while others are purchased for continuous use. A distinction is also made between open and closed vapor products systems. In an open system, the device and solution are generally sold separately, whereas in a closed system, the device and solution are sold together.

Under current law, included in Act 9 as enrolled, the definition of a vapor product is a non-combustible product that produces vapor or aerosol for inhalation from the application of a heating element to a liquid or other substance that is depleted as the product is used. However, the Governor employed his partial veto to delete "to a liquid or other substance that is depleted as the product is used" from the definition of vapor products. The Governor stated that the partial veto would clarify that the tax applies to any device containing vapor fluid and to vapor fluid sold separately.

On July 10, 2020, in the case *Bartlett v. Evers*, the Wisconsin Supreme Court struck down this partial veto, finding it to be unconstitutional. Therefore, the decision eliminates tax upon liquids or other substances sold separately from a device.

Vapor products tax collections for fiscal year 2019-20 were \$1.32 million, which represented approximately 0.01% of general fund tax collections. This figure reflects only the last nine months of the fiscal year, as the tax took effect on October 1, 2019.

Refunds to Native American Tribes

Federal law prohibits states from imposing a cigarette tax, tobacco products tax, or a vapor 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, tobacco, and vapor 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 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 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. 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.

2019 Act 9 extends authorization of similar agreements to the sale of vapor products by tribes. Like tobacco products, DOR can enter into agreements to refund 100% of the tax on sales of vapor products to enrolled members of the tribe, residing on the tribal reservation, and 50% of taxes paid on sales to non-tribal members. As of December, 2020, the state has not entered into such agreements with any tribes.

Table 5 shows cigarette and tobacco products refunds that have been paid to tribes since 2009-10. The largest annual increase in tribal refunds, 37.5% in 2009-10, corresponds to the 2009 Act 28 increase in cigarette and tobacco products taxes. 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 beginning or end of the fiscal year. In 2019-20, \$28.5 million in refunds were paid to tribes in this state, with refunds from cigarettes accounting for 95% of total refunds paid to tribes.

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

Fiscal Year	Cigarette Refunds	Tobacco Products Refunds	Total Refunds	Percent Change From Prior Year
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
2018-19	31.11	1.65	32.76	1.3
2019-20	27.06	1.42	28.48	-13.1

Occupational Taxes on Alcohol in Wisconsin

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.

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.

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 tax and enforcing the three-tier system for alcohol beverage production, distribution, and sale. In 2019-20, this fee amounted to \$1.86 million, of which \$1.35 million was expended, and \$0.51 million lapsed (reverted) to the general fund.

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 2009-10 is presented in Table 7.

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

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
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	1.5	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
2018-19	53.60	3.1	0.31
2019-20	54.78	2.2	0.31

The occupational tax on liquor and wine was established by Chapter 3, Laws of Special Session 1933, effective January 13, 1934. Table 8 shows the historic changes to these rates since 1934. These rates are listed in dollars per gallon. A two-tier rate for liquor existed until 1961, with liquor containing less than 21% alcohol being taxed at a lower rate. Likewise, Chapter 217, Laws of 1935 created new rates for wine with less than 21% alcohol. The current rates have not been modified since Chapter 20, Laws of 1981, effective August 1, 1981.

Table 8: Historic Liquor and Wine Tax Rates

Effective Date	Tax Rate (\$ per Gallon)			
	Wine Up To 14% Alcohol	Wine 14% to 21% Alcohol	Liquor Up to 21% Alcohol	Liquor and Wine Over 21% Alcohol
January 13, 1934	\$0.25	\$0.25	\$0.25	\$1.00
July 4, 1935	0.05	0.10	0.25	1.00
July 25, 1947	0.10	0.20	0.50	2.00
July 1, 1961	0.15	0.30	N/A	2.00
August 15, 1963	0.16875	0.3375	N/A	2.25
November 5, 1971	0.195	0.39	N/A	2.60
August 1, 1981*	0.25	0.45	N/A	3.25

*On May 2, 1986, the statutory tax rates were converted from \$ per gallon to ¢ per liter.

Prior to 1981, a separate bracket schedule of rates existed for quantities of liquor and wine less than and including one gallon. These schedules applied a different rate to each range of quantities

established. For example, one bracket consisted of quantities of more than one quart up to and including ½ gallon. All quantities that fell within this bracket were taxed at the same rate. The schedule for wine was repealed in Chapter 20, Laws of 1981, following the Governor's partial veto, and the liquor schedule was subsequently eliminated in Chapter 302, Laws of 1985. This simplified the calculation of tax imposed. For example, the tax imposed for 5/8 of a gallon or liter of liquor is now equal to 5/8 of the established rate per gallon or liter.

A tax on hard cider was established by 1997 Act 136, separating the tax on cider from the tax on wine. Hard cider is defined as fermented apple or pear juice that contains 0.5% to 7.0% alcohol by volume. Cider containing more than 7.0% alcohol by volume is taxed as wine.

Beer Tax

An occupational tax is imposed by the state on the sale of beer and other fermented malt beverages. A summary of recent collection amounts is presented in Table 9.

Table 9: Beer Tax Collections (\$ in Millions)

Fiscal Year	Amount	Percent Change From Prior Year	Percent of General Fund Tax Collections
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
2018-19	8.53	-4.3	0.05
2019-20	8.49	-0.5	0.05

The beer tax was established as a temporary tax in Chapter 361, Laws of 1933, and was later made permanent. The initial rate was set at \$1 per barrel of 31 gallons, effective July 9, 1933. The tax on

beer was later increased to its current \$2 per barrel rate, or approximately 6.5¢ per gallon, in Chapter 185, Laws of 1969, effective November 1, 1969. 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.

On December 20, 2019, the federal government passed legislation raising the federal minimum age for sale of tobacco products from 18 to 21 years. This legislation makes it illegal for a retailer to sell any tobacco product, including cigarettes, cigars, and vapor products, to anyone under 21.

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 10.

The current federal alcohol tax rates described below were made permanent by the Consolidated Appropriations Act of 2021. These rates were initially introduced as temporary liquor, wine, and beer tax rates, beginning in 2018, under the federal Tax Cuts and Jobs Act of 2017.

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

Table 10: 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

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 (80% of \$2.70). The Wisconsin liquor tax, in contrast, is based on the volume of the beverage in liters and does not consider the alcohol content.

The current federal taxes on tobacco products took effect April 1, 2009, and 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

Federal wine taxes are based on wine gallons (128 fluid ounces) rather than proof gallons. Similar to liquor, lower rates are imposed for specific wine gallon thresholds. The rates increase on a graduated scale for the first 750,000 wine gallons produced, as shown below.

Tax Class	First 30,000 w. gal	30,000-130,000 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% to 21% alcohol	0.57	0.67	1.035	1.57
21% to 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% to 8.5% alcohol	0.164	0.17	0.193	0.226

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.

(including the District of Columbia) as of December 1, 2020.

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. In addition, 19 states treat little cigars like cigarettes for tax purposes, beginning January 1, 2021. Little cigars are similar in shape, size, and tobacco content to cigarettes. A primary difference between little cigars and cigarettes is that the former are wrapped in tobacco leaf while the latter are wrapped in white paper.

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 rates in effect January 1, 2021, based on law changes in other states

Table 11: Cigarette Tax Rates by State as of December, 2020

State	Tax Per Pack	State	Tax Per Pack	State	Tax Per Pack
District of Columbia**	\$4.940	Arizona	\$2.000	Kentucky	\$1.100
Connecticut#	4.350	Maine	2.000	Louisiana	1.080
New York#	4.350	Maryland	2.000	Indiana	0.995
Rhode Island#	4.250	Michigan	2.000	Mississippi	0.680
Minnesota**	3.650	New Mexico#	2.000	Alabama	0.675
Massachusetts#	3.510	Colorado***	1.940	Nebraska	0.640
Oregon***	3.330	Nevada	1.800	Tennessee#	0.620
Hawaii#	3.200	New Hampshire#	1.780	Virginia	0.600
Vermont#	3.080	Montana#	1.700	Wyoming	0.600
Washington#	3.025	Utah#	1.700	Idaho	0.570
Illinois#	2.980	Ohio	1.600	South Carolina	0.570
California	2.870	South Dakota	1.530	North Carolina	0.450
New Jersey	2.700	Texas	1.410	North Dakota	0.440
Pennsylvania#	2.600	Iowa#	1.360	Georgia	0.370
WISCONSIN	2.520	Florida	1.339	Missouri	0.170
Delaware	2.100	Kansas	1.290		
Oklahoma#	2.030	West Virginia	1.200		
Alaska	2.000	Arkansas	1.150		

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

** Rate includes \$0.61 cigarette sales tax, which is recalculated every year effective January 1.

*** Prior to Jan. 1, 2021, Colorado's rate was \$0.84 per pack and Oregon's rate was \$1.33 per pack.

Little cigars are taxed at the same rate as cigarettes. Beginning Jan. 1, 2021, Oregon taxes little cigars like cigarettes.

Sources: Federation of Tax Administrators, Campaign for Tobacco-Free Kids, 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. Eleven other states also have caps on their cigar taxes (Arkansas, Connecticut, Iowa, Michigan, Minnesota, New Mexico, Ohio, Oregon, Rhode Island, Vermont and Washington), but these amounts are not shown in Table 12. Florida and Pennsylvania do not impose an excise tax on cigars.

Table 13 identifies the vapor products tax rates in effect in other states. Beginning January 1, 2021, 29 states, including Wisconsin, impose an excise tax on vapor products. It should be noted that Wisconsin is currently the only state that taxes the vapor liquid only when sold as part of the vapor product. All other states also tax liquid sold separately.

Table 14 summarizes the excise tax rates imposed on liquor for the 34 states 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 retail 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 14 provides only the primary liquor tax rate.

Table 15 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 15 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 15.

Table 12: Tobacco Products Tax Rates by State as of December, 2020

States That Impose Tax Uniformly for All Tobacco Products

State	Tax	State	Tax
Alaska	75.0% of wholesale price	Nevada	30.0% of wholesale price
California	56.93% of wholesale value	New Hampshire	65.03% of wholesale price
Colorado*	50.0% of manuf. list price	New Mexico***	25.0% of wholesale product value
Florida**	85.0% of wholesale price	North Carolina	12.8% of wholesale price
Idaho	40.0% of wholesale price	Pennsylvania**	55¢ per ounce
Kansas	10.0% of wholesale price	South Carolina	5.0% of manuf. price
Michigan***	32% of wholesale price	South Dakota	35.0% of wholesale price
Mississippi	15.0% of manuf. list price	Tennessee	6.6% of wholesale price
Missouri	10.0% of manuf. invoice price	West Virginia	12.0% of wholesale price

States That Impose Tax That Differs by Product

State/Product	Range of Tax Rates	State/Product	Range of Tax Rates
Alabama		Kentucky	
Cigars	\$40.50/1,000	Snuff	19¢ per 1.5 ounces
Little Cigars	4¢ per 10	Cheating Tobacco	Up to 5¢ per ounce
Filtered Cigars	15¢ per 10	All Other Tobacco	15% of wholesale price
Smoking Tobacco	Up to 6¢ per ounce	Louisiana	
Cheating Tobacco	1.5¢ per ounce	Cigars	8% to 20% of manuf. invoice price
Snuff	Up to 12¢ per ounce	Smoking Tobacco	33% of invoice price
Arizona		Smokeless Tobacco	20% of invoice price
Cigars	21.8¢ for 3 to 21.8¢ each	Maine	
Little Cigars	44.10¢ per 20	Smokeless Tobacco	\$2.02 per ounce
Plug Tobacco	5.50¢ per ounce	Smoking Tobacco	43% of wholesale sales price
Other Tobacco	22.3¢ per ounce	Maryland	
Arkansas		Cigars	70% of wholesale price
Cigarette Papers	25¢ per 32 sheets	Premium Cigars	15% of wholesale price
Other Tobacco***	68% of manuf. selling price	All Other Tobacco	30% of wholesale price
Connecticut		Massachusetts	
Snuff	\$3.00 per ounce	Smoking Tobacco	40% of wholesale price
All Other Tobacco***	50% of wholesale price	Smokeless Tobacco	210% of wholesale price
Delaware		Minnesota	
Moist Snuff	92¢ per ounce	Moist Snuff	Greater of \$3.04 per 1.2 ounces or 95% of manuf. wholesale price
All Other Tobacco	30% of wholesale price	All Other Tobacco***	95% of wholesale price
District of Columbia		Montana	
Cigars	70% of gross receipts	Moist Snuff	85¢ per ounce
All Other Tobacco	91% of wholesale price	All Other Tobacco	50% of wholesale price
Georgia		Nebraska	
Cigars	23% of wholesale price	Snuff	44¢ per ounce
Little cigars	5¢ per 20	Other Tobacco	20.0% of manuf. selling price
All Other Tobacco	10% of wholesale price	New Jersey	
Hawaii		Moist Snuff	75¢ per ounce
Cigars	50% of wholesale price	All Other Tobacco	30.0% of wholesale price
Other Tobacco	70% of wholesale price	New York	
Illinois		Snuff	\$2.00 per ounce
Moist Snuff	30¢ per ounce	All Other Tobacco	75% of wholesale price
Other Tobacco	36% of wholesale price	North Dakota	
Indiana		Cigars & Pipe Tobacco	28% of wholesale price
Moist Snuff	40¢ per ounce	Snuff	60¢ per ounce
All Other Tobacco	24% of wholesale price	Cheating Tobacco	16¢ per ounce
Iowa		Ohio	
Snuff	\$1.19 per ounce	Little Cigars	37% of wholesale price
All other Tobacco***	50.0% of wholesale price	All Other Tobacco***	17% of wholesale price

Table 12: Tobacco Products Tax Rates by State as of December, 2020 (continued)*States That Impose Tax That Differs by Product (continued)*

State/Product	Range of Tax Rates	State/Product	Range of Tax Rates
Oklahoma		Vermont	
Cigars	36¢ to 120¢ per 10	Snuff	\$2.57 per ounce
Smoking Tobacco	80% of factory list price	Smokeless Tobacco	\$2.57 per ounce
Snuff; Chewing and Smokeless Tobacco	60% of factory list price	All Other Tobacco***	92% of wholesale price
Oregon		Virginia	
Moist Snuff	\$1.78 per ounce	Moist snuff	36¢ per ounce
All Other Tobacco***	65.0% of wholesale price	Loose Leaf Tobacco	Up to 20¢ per ounce
Rhode Island		Roll-Your-Own Tobacco	10% of manuf. sales price
Snuff	\$1.00 per ounce	All Other Tobacco	20% of manuf. sales price
All Other Tobacco***	80% of wholesale cost	Washington	
Texas		Moist Snuff	\$2.526 per unit of 1.2 ounces
Little Cigars	1¢ per 10	All Other Tobacco***	95% of taxable sales price
Cigars	\$7.50/1,000 to \$15/1,000	WISCONSIN	
All Other Tobacco	\$1.22 per ounce	Moist Snuff	100% of manuf. list price
Utah		All Other Tobacco***	71% of manuf. list price
Moist Snuff	\$1.83 per ounce	Wyoming	
All Other Tobacco	86% of manuf. sales price	Moist Snuff	60¢ per ounce
		All Other Tobacco	20.0% of wholesale price

* New rate in effect Jan. 1, 2021, increasing from 40%.

** Tax not imposed on cigars.

*** Cap on cigar tax.

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

Table 13: Vapor Products Tax Rates by State as of December, 2020

State	Tax	State	Tax
States That Impose Tax as a Percentage of the Price			
California	56.93% of wholesale price	Nevada	30% of wholesale price
Colorado*	30% of wholesale price	New York	20% of retail price
District of Columbia	91% of wholesale price	Oregon*	65% of wholesale price
Illinois	15% of wholesale price	Pennsylvania	40% of wholesale price
Maine	43% of wholesale price	Utah	56% of wholesale price
Massachusetts	75% of wholesale price	Vermont	92% of wholesale price
Minnesota	95% of wholesale price	Wyoming	15% of wholesale price
States That Impose Tax by Volume of Liquid			
Delaware	5¢ per milliliter	Ohio	10¢ per milliliter
Kansas	5¢ per milliliter	Virginia	6.6¢ per milliliter
Louisiana	5¢ per milliliter	WISCONSIN**	5¢ per milliliter
North Carolina	5¢ per milliliter	West Virginia	7.5¢ per milliliter
States That Impose Tax That Differs by Type of Product			
Connecticut	Open: 10% of wholesale price Closed: 40¢/mL	New Hampshire	Open: 8% wholesale price Closed: 30¢ per milliliter
Georgia*	Open: 7% of wholesale price Closed: 5¢ per milliliter	New Mexico	Open: 12.5% of wholesale price Closed: 50¢ per cartridge
Kentucky	Open: 15% of wholesale price Closed: \$1.50 per cartridge	Washington	Open >5mL: 9¢ per milliliter All other: 27¢ per milliliter
New Jersey	Open: 10% of retail price Closed: 10¢ per milliliter		

* Effective Jan. 1, 2021, Colorado, Oregon, and Georgia impose a vapor products tax. Colorado's rate increases to 35%, effective Jan. 1, 2022.

** Tax only imposed on liquid that functions as part of a vapor product or is sold with a vapor product as one packaged item.

Sources: National Conference of State Legislators, Tax Foundation, Federation of Tax Administrators.

Table 14: Liquor Tax Rates for License States as of December, 2020

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 15: Beer Tax Rates by State as of December, 2020

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.