

March 13, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2558 (Norris) / S.F. 2537 (Dibble)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
Intoxicating Liquor Excise Tax	(\$5,100)	(\$6,900)	(\$8,400)	(\$10,100)
Wine Excise Tax	<u>\$1,000</u>	<u>\$1,400</u>	<u>\$1,700</u>	<u>\$2,000</u>
General Fund – Total	(\$4,100)	(\$5,500)	(\$6,700)	(\$8,100)

Effective July 1, 2023.

EXPLANATION OF THE BILL

Current Law: All distilled spirits, regardless of alcohol content, are taxed at a rate of \$5.03 per gallon or \$1.33 per liter.

Proposed Law: The bill defines low-alcohol volume prepackaged beverages as a canned or bottled alcoholic beverage made from distilled spirits and other nonalcoholic ingredients, containing not more than 14% alcohol by volume.

Low-alcohol prepackaged beverages would be subject to the same excise tax rate as wine with an alcohol content between 14% and 21% by volume. The rate is \$0.95 per gallon or \$0.25 per liter.

REVENUE ANALYSIS DETAIL

- Data on ready-to-drink (RTD) cocktail consumption in Minnesota and growth rates were from Adam's Liquor Handbook 2022.
- It was assumed that 5% of RTD cocktail beverages have an alcohol content above 14%.
- The fiscal year 2024 estimates were adjusted for eleven months of impact.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)

hf2558(sf2537) Low-alcohol beverages_1 / awh