

---

# **WISCONSIN'S GENERAL FUND EXCISE TAXES**

**By  
Jacek Cianciara**

**Wisconsin Department of Revenue  
Division of Research and Policy  
May 27, 2008**

---

## TABLE OF CONTENTS

	Page
A. Introduction .....	1
B. Cigarette Tax .....	3
C. Tobacco Products Tax.....	4
D. Taxes on Distilled Liquor and Wine.....	4
E. Tax on Fermented Malt Beverages .....	5
F. Comparisons with Other States.....	5
G. Attachment 1.....	17

**WISCONSIN'S GENERAL FUND EXCISE TAXES**

**A. INTRODUCTION**

Wisconsin imposes excise taxes on cigarettes, tobacco products, liquor, and beer. Technically, only the tax on cigarettes and tobacco products are an excise taxes, that is, a tax on the consumer. Taxes on liquor and beer are occupational taxes imposed on the seller for the privilege of engaging in a particular business. However, these occupational taxes are generally passed on to consumers through higher prices and so are commonly referred to as excise taxes.

Revenues from these four excise taxes are deposited in the state's general fund. The state collects additional excise taxes that are deposited in segregated funds, notably the motor vehicle fuels and alternate fuels taxes that are deposited in the transportation fund. Only general fund excise taxes will be discussed in this paper.

In FY07, excise taxes generated \$365.8 million or 2.90% of the entire \$12.6 billion of general purpose revenue (GPR) taxes collected for the fiscal year (Table 1 and Table 2). The cigarette tax, totaling \$296.1 million, provided 80.95% of general fund excise tax collections (see Chart 1). Liquor and wine taxes raised \$42.7 million; the tobacco products tax raised \$17.5 million; and the beer tax \$9.5 million in FY07.

Wisconsin collected one other general fund excise tax during its history, a tax on oleomargarine, which was in place from 1931 through 1973.

TABLE 1  
 WISCONSIN GENERAL FUND EXCISE TAXES

Tax Type	FY07 Tax Rates (prior to January 1, 2008 increases)	FY07 Excise Tax Revenues	
		(\$ millions)	%
Cigarettes	\$0.77 per pack of 20 (1)	\$296.1	80.95%
Tobacco Products	25% of manufacturer's list price (2)	17.5	4.78%
Beer	\$2.00 per 31-gallon barrel (\$0.65/gallon)	9.5	2.60%
Distilled Spirits	\$0.8586 per liter (\$3.25/gallon)	39.2	10.72%
Wine		3.5	0.96%
- up to 14% alcohol	\$0.06605 per liter (\$0.25/gallon)		
- 14% to 21% alcohol	\$0.1189 per liter (\$0.45/gallon)		
- over 21% alcohol	\$0.8586 per liter (\$3.25/gallon)		
<b>Total Excise Tax Revenues</b>		<b>\$365.8</b>	<b>100.00%</b>

- (1) Effective January 1, 2008, Wisconsin 2007 Act 20 (the 2007-09 budget bill) increased the cigarette tax by \$1.00 per pack, from \$0.77 to \$1.77.
- (2) Under Act 20, and effective January 1, 2008, the tobacco products tax on all tobacco, other than moist snuff, increased from 25.0% of the manufacturer's list price to 50.0% of the list price. In addition, the tax on moist snuff was converted from an ad valorem, price-based tax, to a weight based tax at the rate of \$1.31 per ounce.

CHART 1

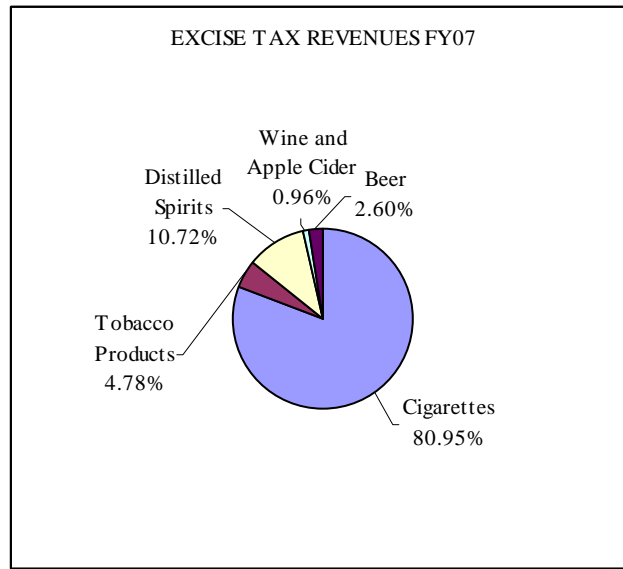


Table 2, below, shows excise tax collections for cigarettes, tobacco products, distilled spirits, wine and apple cider, and beer for the last ten year period, and the cumulative percent change between FY97 and FY07.

TABLE 2  
EXCISE TAX COLLECTIONS AND PERCENT CHANGE FY96 - FY07  
(\$ Million)

	Cigarettes	Tobacco Products	Distilled Spirits	Wine and Apple Cider	Beer	Total Excise Tax	Total Excise Tax as % GPR
FY97	\$204.6	\$8.8	\$29.2	\$2.1	\$9.2	\$253.9	2.88%
FY98	247.7	9.4	30.5	2.2	9.3	299.1	3.14%
FY99	257.4	9.4	30.7	2.2	9.2	308.9	3.11%
FY00	247.6	10.3	32.3	2.2	9.4	301.9	2.76%
FY01	243.5	11.4	33.1	2.4	9.4	299.8	2.98%
FY02	288.8	13.9	33.4	2.5	9.6	348.3	3.48%
FY03	293.7	15.5	33.4	2.7	9.5	354.8	3.48%
FY04	291.3	16.1	35.7	3.4	9.6	356.1	3.32%
FY05	294.3	15.8	36.7	2.9	9.8	359.4	3.16%
FY06	301.5	16.4	38.3	2.7	9.8	368.7	3.07%
FY07	296.1	17.5	39.2	3.5	9.5	365.8	2.90%
Cumulative % Change	44.7%	98.9%	34.2%	66.7%	3.3%	44.1%	

Source: Collections Report, DOR, various years.

The highest growth in excise tax revenue between FY97 and FY07 was in tobacco products which increased by 98.9% followed by wine and apple cider tax revenues which increased by 66.7% (but upon a relatively small base amount). Tax rate increases during this period, discussed in the following sections, partially contributed to the growth rates above. Cigarettes continue to be the largest excise tax generator.

As Table 2 shows, between FY96 and FY07, the contribution of excise taxes to total GPR tax collections generally has been around 3 percent. It ranged from a low of 2.88% in FY97 to a high of 3.48% in FY02 and FY03. In FY07 excise taxes contributed 2.90% of total GPR tax collections compared to a 3.07% contribution in FY06. The cigarette and tobacco tax increases effective January 1, 2008 may raise this percentage to 3.70%, however, beginning in FY08 (based on revenue projections contained in 2007 Wis Act 20).

## B. CIGARETTE TAX

The cigarette tax was first imposed in 1939, as an emergency tax, at a rate of \$0.02 per pack (Table 3). The tax increased to \$0.03 per pack in 1949 and was made permanent that year.

As Table 3 shows, the tax rate was periodically increased during the next couple of decades, usually by 1 or 2 cents per pack, until it reached \$0.16 per pack on November 5, 1971. It remained unchanged for almost a decade, until it was increased to \$0.20 on August 1, 1981, and then \$0.25 on May 1, 1982. There was one more increase in the 1980s and three in the 1990s. Effective January 1, 2008, Wisconsin 2007 Act 20 (the 2007-09 budget bill) increased the cigarette tax by \$1.00 per pack, from \$0.77 to \$1.77.

TABLE 3  
CIGARETTE TAX RATES

Effective Date Of Tax Rate	Rate (Cents) Per Pack
September 15, 1939	2
July 20, 1949	3
July 1, 1955	4
July 1, 1957	5
September 1, 1961	6
August 15, 1963	8
August 1, 1965	10
September 1, 1969	14
November 5, 1971	16
August 1, 1981	20
May 1, 1982	25
September 1, 1987	30
May 1, 1992	38
September 1, 1995	44
November 1, 1997	59
October 10, 2001	77
January 1, 2008	177

The cigarette tax was an occupational tax until 1983, when it was converted to an excise tax so that it could be imposed on cigarette sales by Native Americans. Although cigarette sales to Native Americans are taxable, the state refunds 70% of the tax back to the tribes for sales made to non-Native Americans and to tribal members that reside off the reservation. In addition, the state refunds 100% of the tax back to the tribes for sales made to tribal members that reside on the reservation.

Cigarette tax collections are designated for the general fund. However, on two occasions, revenues from cigarette tax increases have been earmarked for specific programs. The additional revenue from the 1955 tax increase was used to fund a low-cost housing program

for veterans, and the additional revenue from the 1961 tax increase was used to pay for improvements to the state park system.

### C. TOBACCO PRODUCTS TAX

The tobacco products tax, Wisconsin's newest excise tax, is imposed on the sale of cigars, chewing tobacco, smoking tobacco, and snuff. The tax was first imposed on October 1, 1981, at the rate of 20%. Effective December 1, 1999, the tobacco products tax was changed from an occupational tax to an excise tax (1999 Wis. Act 9). On October 1, 2001, the tax rate was raised to 25%. Effective January 1, 2008 (2007 Wis. Act 20), the tobacco products tax on all tobacco, other than moist snuff, was increased from 25% of the manufacturer's list price to 50% of the list price. In addition, the tax on moist snuff was converted from an ad valorem, price-based tax, to a weight based tax at the rate of \$1.31 per ounce.

### D. TAXES ON DISTILLED LIQUOR AND WINE

Wisconsin imposes an occupational tax on the sale of both distilled spirits [secs. 139.03(2m) and 139.06(1) (a), Wis. Stats.] and wine [sec. 139.03(2n), Wis. Stats.]. Current tax rates are: \$0.06605 per liter (\$0.25 per gallon) for wine containing up to 14% alcohol, \$0.1189 per liter (\$0.45 per gallon) for wine containing 14% to 21% alcohol; and \$0.8586 per liter (\$3.25 per gallon) for distilled spirits and wine containing over 21% alcohol (Table 4). The tax was converted from rates per gallon to rates per liter in 1985.

Wisconsin established its liquor taxes following the end of Prohibition. Initially these taxes were imposed at the rate of \$0.25 per gallon for wine containing up to 21% alcohol, \$1.00 per gallon for wine containing over 21% alcohol, and \$1.00 per gallon for distilled spirits. The rate history for the liquor tax is shown in Table 4. The rate history for the wine tax is shown in Table 5.

TABLE 4  
DISTILLED SPIRITS TAX RATES

Fiscal Year	Tax Rate
1934	\$1.00 per gallon
1948	\$2.00 per gallon
1964	\$2.25 per gallon
1972	\$2.60 per gallon
1982	\$3.25 per gallon
1986	\$0.8586 per liter (\$3.25 per gallon)

Liquor distributors remit the tax on a monthly basis, and the tax is based upon the distributor's tax liability for the previous month. In addition to the liquor tax, distributors pay DOR an administrative fee of \$0.11 per gallon on liquor containing 0.5% or more alcohol by volume.

TABLE 5  
WINE TAX RATES

Fiscal Year	Alcohol Content	Tax Rate \$/gallon
1934	Up to 21%	\$0.25
	Over 21%	1.00
1936	Up to 14%	0.05
	14% to 21%	0.10
	Over 21%	1.00
1948	Up to 14%	0.10
	14% to 21%	0.20
	Over 21 %	2.00
1960	Up to 14%	0.15
	14% to 21%	0.30
	Over 21%	2.00
1964	Up to 14%	0.17
	14% to 21%	0.34
	Over 21%	2.25
1972	Up to 14%	0.19
	14% to 21%	0.39
	Over 21 %	2.60
1982	Up to 14%	0.25
	14% to 21%	0.45
	Over 21%	3.25
1986 (1)	Up to 14%	0.25
	14% to 21%	0.45
	Over 21 %	\$3.25

(1) Up to 14% - \$0.066 per liter, 14% to 21% - \$0.119 per liter and Over 21 % - \$0.859 per liter

## E. TAX ON FERMENTED MALT BEVERAGES

Wisconsin imposes an occupational tax on the sale of fermented malt beverages (beer) at the rate of \$2.00 per 31-gallon barrel [sec. 139.02(1), Wis. Stats.]. The tax was first imposed in 1933, at the end of Prohibition, at the rate of \$1.00 per barrel. It was intended to be temporary, but was made permanent in 1943. The only increase in the tax rate occurred in 1970, when it was raised to its current rate of \$2.00 per 31-gallon barrel (equivalent to about \$0.06 per gallon).

## F. COMPARISONS WITH OTHER STATES

### 1. Cigarette Taxes

All 50 states and the District of Columbia impose cigarette taxes. In addition, eight states – Alabama, Alaska, Illinois, Missouri, New York, Ohio, Tennessee and Virginia – permit at least one county or city to levy cigarette taxes.

Table 6 presents the tax rates for a pack of 20 cigarettes, as of June 3, 2008. State tax rates range from a high of \$2.75 in New York to a low of \$0.07 per pack in South Carolina. In general, the southeastern tobacco producing states of Kentucky, South Carolina, North Carolina, and Virginia tax cigarettes at lower rates than other states.

TABLE 6  
STATE CIGARETTE EXCISE TAX AND RANKINGS  
(AS OF JUNE 3, 2008)

State	Tax	Rank	State	Tax	Rank
Alabama	\$0.425	42	Montana	\$1.70	14
Alaska	\$2.00	5	Nebraska	\$0.64	35
Arizona	\$2.00	6	Nevada	\$0.80	32
Arkansas	\$0.59	38	New Hampshire	\$1.08	24
California	\$0.87	30	New Jersey	\$2.58	2
Colorado	\$0.84	31	New Mexico	\$0.91	29
Connecticut	\$2.00	7	New York (*)	\$2.75	1
DC	\$1.00	26	North Carolina	\$0.35	45
Delaware	\$1.15	23	North Dakota	\$0.44	41
Florida	\$0.339	46	Ohio	\$1.25	21
Georgia	\$0.37	43	Oklahoma	\$1.03	25
Hawaii (**)	\$1.80	11	Oregon	\$1.18	22
Idaho	\$0.57	39	Pennsylvania	\$1.35	20
Illinois	\$0.98	28	Rhode Island	\$2.46	3
Indiana	\$0.995	27	South Carolina	\$0.07	51
Iowa	\$1.36	19	South Dakota	\$1.53	15
Kansas	\$0.79	33	Tennessee	\$0.62	36
Kentucky	\$0.30	47	Texas	\$1.41	18
Louisiana	\$0.36	44	Utah	\$0.695	34
Maine	\$2.00	8	Vermont (**)	\$1.79	12
Maryland	\$2.00	9	Virginia	\$0.30	48
Massachusetts	\$1.51	16	Washington	\$2.025	4
Michigan	\$2.00	10	West Virginia	\$0.55	40
Minnesota	\$1.49	17	Wisconsin	\$1.77	13
Mississippi	\$0.18	49	Wyoming	\$0.60	37
Missouri	\$0.17	50	U.S Average	\$1.11	NA

(\*) New York increase effective 6/3/08

(\*\*) Increases scheduled to occur after 6/3/08 include Vermont (\$1.99 as of 7/1/08) and Hawaii (\$2.00 as of 9/30/08)

Source: Campaign for Tobacco-Free Kids, April 9, 2008

As of June 3, 2008, Wisconsin's \$1.77 rate will be the 13<sup>th</sup> highest among the 50 states and the District of Columbia. On that date, Wisconsin's rate will be higher than those in Iowa (\$1.36), Minnesota (\$1.49), and Illinois (\$0.98), but lower than the tax rate in Michigan (\$2.00). Currently scheduled increases in Vermont (to \$1.99) and Hawaii (to \$2.00) will not impact Wisconsin's rank as rates in both of these states already exceed Wisconsin's rate.

Since 2006, at least twenty states enacted single or multiple increases in cigarette tax rates (Table 7). The highest increase of \$1.25 per pack was enacted by New York (effective June 3, 2008). Increases of \$1.00 per pack were adopted in Wisconsin, Maryland, Iowa, Texas and South Dakota. Other significant increases occurred in Arizona (\$0.82) and Delaware (\$ 0.60).

TABLE 7  
CIGARETTE TAX INCREASES BY STATE 2006-2008  
(AS OF APRIL 9, 2008))

Year '	State	Effective Date of Increase	Amount of Increase	Tax Rate After Increase
2008	Hawaii	9/30/2008	20 cents	\$2.00
	New York	6/3/2008	\$1.25	\$2.75
	Maryland	1/1/2008	\$1.00	\$2.00
	Wisconsin	1/1/2008	\$1.00	\$1.77
	Vermont	7/1/2008	20 cents	\$1.99
2007	Alaska	7/1/2007	20 cents	\$2.00
	Connecticut	7/1/2007	49 cents	\$2.00
	Delaware	7/31/2007	60 cents	\$1.15
	Hawaii	9/30/2007	20 cents	\$1.80
	Iowa	3/15/2007	\$1.00	\$1.36
	Indiana	7/1/2007	44 cents	99.5 cents
	New Hampshire	7/1/2007	28 cents	\$1.08
	South Dakota	1/1/2007	\$1.00	\$1.53
	Tennessee	7/1/2007	42 cents	62 cents
	Texas	1/1/2007	\$1.00	\$1.41
	2006	Alaska	7/1/2006	20 cents
Arizona		12/8/2006	82 cents	\$2.00
Hawaii		9/30/2006	20 cents	\$1.60
New Jersey		7/15/2006	17.5 cents	\$2.575
North Carolina		7/1/2006	5 cents	35 cents
Vermont		7/1/2006	60 cents	\$1.79

Source: Campaign for Tobacco-Free Kids, April 9, 2008

According to a recent publication<sup>1</sup>, the average price for a pack of cigarettes nationwide, as of April 9, 2008, was roughly \$4.18 (including statewide excise and sales taxes but not local cigarette or sales taxes, except for NYC), with considerable state-to-state variation because of differing state tax rates and differing pricing and discounting practices by manufacturers, wholesalers, and retailers.

In addition, this publication reports that 43 states, DC, and Puerto Rico have implemented or passed higher cigarette tax rates since January 1, 2002, with 17 of those states increasing their tax more than once during that time period, while 6 states have not increased their tax since 1999 or before.

Additional cigarette data is shown in Table 12 in Attachment 1 at the end of this report. It includes information about cigarette tax rates and national rankings, dates of the last increase, annual pack sales and revenues for FY 2007, and retail price per pack for each state.

<sup>1</sup> Campaign for Tobacco-Free Kids, State Cigarette Tax Rates and Rank, Date of Last Increase, Annual Pack Sales and Revenues, and Related Data, April 9, 2008.

## 2. Tobacco Products Taxes

Table 8 summarizes the non-cigarette tobacco products tax in the states imposing a tax on tobacco products as of January 1, 2008. Unlike the cigarette tax, which is standardized on a per pack basis, the taxation of other tobacco products is diversified and varies both between and within states depending on the type of tobacco product considered.

Every state except for Pennsylvania has at least some tax on non-cigarette tobacco products. Nine states base the tax on the price charged by the manufacturer and 37 states use the wholesale price. Florida and New Hampshire do not tax cigars, but do tax all other tobacco products. An increasing number of states tax some tobacco products as a percentage of price but other products by unit or volume (including Wisconsin, beginning January 1, 2008).

The highest rates, as a percentage of wholesale/manufacturer's price, are in Massachusetts (90%), Maine (78%), Washington (75%), and Alaska (75%). Of those states that tax at a percentage of prices, the average rate is roughly 30%, despite very low rates in North Carolina (3%), South Carolina (5%), Tennessee (6.6%), and West Virginia (7%).

In Wisconsin, effective January 1, 2008, the tax on tobacco products other than moist snuff, was increased from 25.0% to 50.0% of the manufacturer's list price. Additionally, the tax on moist snuff was converted from an ad valorem, price-based tax, to a weight based tax at the rate of \$1.31 per ounce. Wisconsin's neighbors generally impose their tobacco taxes on the wholesale price; such as Illinois at 18%, Michigan at 32%, and Minnesota at 70%. Like Wisconsin, Iowa places a per ounce tax on snuff and a percentage of wholesale price (50%) tax on other tobacco products.

TABLE 8  
STATE EXCISE TAX RATES FOR NON-CIGARETTE TOBACCO PRODUCTS (JANUARY 1, 2008)

State	Snuff Tax	Chewing & Smoking Tobacco Tax	Cigar Tax	Date OTP tax last changed
Alabama	1.0-12.0¢/oz.	Chewing: 1.5¢/oz.; Smoking: 4-6¢/oz.	4.0-40.5¢/10 cigars	5/18/2004
Alaska	75% wholesale price	75% wholesale price	75% wholesale price	10/1/1997
Arizona	23.8 ¢/oz.	23.8¢/oz.	44.1-260 ¢/200 cigars	12/8/2006
Arkansas	32% mfr. Price	32% mfr. Price	32% mfr. Price	6/1/2003
California	46.76% wholesale price	46.76% wholesale price	46.76% wholesale price	7/1/2006
Colorado	40% mfr. Price	40% mfr. Price	40% mfr. Price	1/1/2005
Connecticut	40¢/oz.	20% wholesale price	20% wholesale price	7/1/2000
Delaware	54¢/oz.	15% wholesale price	15% wholesale price	6/30/2007
DC	12% retail price	12% retail price, not pipe tobacco	12% but not on \$2+ cigars	5/1/2006
Florida	25% wholesale price	25% wholesale price	None	7/1/1985

TABLE 8 (continued)  
STATE EXCISE TAX RATES FOR NON-CIGARETTE TOBACCO PRODUCTS (JANUARY 1, 2008)

State	Snuff Tax	Chewing & Smoking Tobacco Tax	Cigar Tax	Date OTP tax last changed
Georgia	10% wholesale price	10% wholesale price	2.5¢/10 cigars; 23% wholesale price	7/1/2003
Hawaii	40% wholesale price	40% wholesale price	40% wholesale price	7/1/1965
Idaho	40% wholesale price	40% wholesale price	40% wholesale price	7/1/1994
Illinois	18% wholesale price	18% wholesale price	18% wholesale price	7/16/1996
Indiana	24% wholesale price	24% wholesale price	24% wholesale price	7/1/2007
Iowa	119¢/oz.	50% wholesale price	50% wholesale price; 50¢ cap Little cigars taxed as cigarettes	3/15/2007
Kansas	10% mfr. Price	10% mfr. Price	10% mfr. price	7/1/1972
Kentucky	9.5¢/units	7.5% wholesale price	7.5% wholesale price	8/1/2005
Louisiana	20% mfr. Price	Chewing: 20% mfr. Price; Smoking: 33%	8%-20% mfr. price	7/1/2000
Maine	78% wholesale price	Chewing: 78% w/s price; Smoking: 20%	20% wholesale price	10/1/2005
Maryland	15% wholesale price	15% wholesale price	15% wholesale price	7/1/2000
Massachusetts	90% wholesale price	Chewing: 90% w/s price; Smoking: 30%	30% wholesale price	7/25/2002
Michigan	32% wholesale price	32% wholesale price	32% wholesale price	7/1/2004
Minnesota	70% wholesale price	70% wholesale price	70% wholesale price	8/1/2005
Mississippi	15% mfr. Price	15% mfr. Price	15% mfr. price	6/1/2005
Missouri	10% mfr. Price	10% mfr. Price	10% mfr. price	10/1/1993
Montana	85¢/oz.	50% wholesale price	50% wholesale price	1/1/2005
Nebraska	20% wholesale price	20% wholesale price	20% wholesale price	10/1/2002
Nevada	30% wholesale price	30% wholesale price	30% wholesale price	
New Hampshire	19% wholesale price	19% wholesale price	None	7/1/2005
New Jersey	750/oz.	30% mfr. Price	30% mfr. price	7/15/2006
New Mexico	25% mfr. Price	25% mfr. Price	25% mfr. price	
New York	37% wholesale price	37% wholesale price	37% wholesale price	4/3/2002
North Carolina	3% wholesale price	3% wholesale price	3% wholesale price	9/1/2005
North Dakota	60¢/oz.	Chewing: 16¢/oz; Smoking: 28% w/s price	28% wholesale price	7/1/2001
Ohio	17% wholesale price	17% wholesale price	17% wholesale price	2/1/1993
Oklahoma	60% mfr. Price	Chewing: 60% mfr. price; Smoking: 80%	36 -120¢/10 cigars	1/1/2005

TABLE 8 (continued)  
STATE EXCISE TAX RATES FOR NON-CIGARETTE TOBACCO PRODUCTS (JANUARY 1, 2008)

State	Snuff Tax	Chewing & Smoking Tobacco Tax	Cigar Tax	Date OTP tax last changed
Oregon	65% wholesale price	65% wholesale price	65% wholesale price, 50¢ cap	2/1/1997
Pennsylvania	None	None	None	N/A
Rhode Island	100¢/oz.	40% wholesale price	40% wholesale price	7/1/2006
South Carolina	5% mfr. Price	5% mfr. Price	5% mfr. price	
South Dakota	35% wholesale price	35% wholesale price	35% wholesale price	1/1/2007
Tennessee	6.6% wholesale price	6.6% wholesale price	6.6% wholesale price	7/15/2002
Texas	40% mfr. Price	40% mfr. Price	1-15¢/10 cigars	1/1/2007
Utah	35% mfr. Price	35% mfr. Price	35% mfr. price	
Vermont	149¢/oz.	41 % mfr. Price	41 % mfr. price	7/1/2006
Virginia	10% mfr. Price	10% mfr. Price	10% mfr. price	3/1/2005
Washington	75% taxable sales price	75% taxable sales price	75% taxable sales price, 50¢ cap	7/1/2005
West Virginia	7% wholesale price	7% wholesale price	7% wholesale price	7/1/2003
Wisconsin	131¢/oz.	50% mfr. Price	50% mfr. price	effective 1/1/08
Wyoming	20% wholesale price	20% wholesale price	20% wholesale price	
US Government	4¢/oz.	Chewing: 1.2¢/oz.; Smoking: 7¢/oz.	\$1.828-\$48.75/1000 cigars	1/1/2002

Source: Federation of Tax Administrators

### 3. Liquor and Wine Taxes

Thirty two states and the District of Columbia are classified as license states, where a licensed entity may sell liquor and impose excise taxes on liquor sales. The 18 remaining states are liquor monopoly states where the government maintains complete or partial control over the sale of liquor and generates revenue through taxes, fees, and profits from sales (Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. In addition, Montgomery County in Maryland is a monopoly county.)

Table 9 shows liquor excise taxes as of January 1, 2008, for the license tax states and the District of Columbia. Tax rates ranged from \$9.53 per gallon in Florida on liquor with an alcohol content exceeding 55.78% to \$0.25 per gallon in Kentucky on liquor containing less than 6% alcohol. Both Minnesota (at \$5.03 per gallon) and Illinois (at \$4.50 per gallon) had tax rates higher than Wisconsin's \$3.25 per gallon. Iowa and Michigan are monopoly states.

Forty-six states and the District of Columbia impose an excise tax on the sale of wine. Four states - New Hampshire, Pennsylvania, Utah and Wyoming - have state wine monopolies. Table 10 shows the wine rates as of January 1, 2008. Ignoring special rates, in some states, on sparkling wine and on wine with high or low alcohol content, Alaska had the highest tax rate (\$2.50 per gallon) and Louisiana the lowest (\$0.11 per gallon). Only Louisiana (\$0.11), New York (\$0.19), Texas (\$0.20) and

California (\$0.20) had rates wine tax rates than Wisconsin's \$0.25 per gallon rate. Wisconsin's neighbors all had higher rates - \$1.75 in Iowa, \$0.73 in Illinois, \$0.51 in Michigan and \$0.30 in Minnesota.

#### 4. Beer

All states impose a beer tax and Table 11 shows rates in effect on January 1, 2008. Wyoming had the lowest tax, \$0.02 per gallon, while Hawaii had the highest rate, \$0.93 per gallon. Wisconsin and Missouri, at \$0.06 per gallon, had the next lowest tax rates after Wyoming. Rates in neighboring states were \$0.185 per gallon in Illinois, \$0.19 in Iowa, \$0.20 in Michigan and \$0.15 in Minnesota.

TABLE 9  
STATE LIQUOR EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
Alabama	see footnote (1)	Yes	
Alaska	\$12.80	n.a.	under 21% - \$2.50/gallon
Arizona	3.00	Yes	
Arkansas	2.50	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case and 3% off- 14% on-premise retail taxes
California	3.30	Yes	over 50% - \$6.60/gallon
Colorado	2.28	Yes	
Connecticut	4.50	Yes	under 7% - \$2.05/gallon
Delaware	5.46	n.a.	under 25% - \$3.64/gallon
Florida	6.50	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon 6.67¢/ounce on-premise retail tax
Georgia	3.79	Yes	\$0.83/gallon local tax
Hawaii	5.98	Yes	
Idaho	see footnote (1)	Yes	
Illinois	4.50	Yes	under 20% - \$0.73/gallon; \$1.845/gallon in Chicago and \$2.00/gallon in Cook County
Indiana	2.68	Yes	under 15% - \$0.47/gallon
Iowa	see footnote (1)	Yes	
Kansas	2.50	no	8% off- and 10% on-premise retail tax
Kentucky	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 11% wholesale tax
Louisiana	2.50	Yes	under 6% - \$0.32/gallon
Maine	see footnote (1)	Yes	
Maryland	1.50	Yes	
Massachusetts	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
Michigan	see footnote (1)	Yes	

TABLE 9 (continued)  
STATE LIQUOR EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
Minnesota	5.03	--	\$0.01/bottle (except miniatures) and 9.0% sales tax
Mississippi	see footnote (1)	Yes	
Missouri	2.00	Yes	
Montana	see footnote (1)	n.a.	
Nebraska	\$3.75	Yes	
Nevada	3.60	Yes	under 14% - \$0.70/gallon and under 21% - \$1.30/gallon.
New Hampshire	see footnote (1)	n.a.	
New Jersey	4.40	Yes	
New Mexico	6.06	Yes	
New York	6.44	Yes	not more than 24% - \$2.54/gallon; \$1.00/gallon New York City
North Carolina	see footnote (1)	Yes*	
North Dakota	2.50	--	7% state sales tax
Ohio	see footnote (1)	Yes	
Oklahoma	5.56	Yes	13.5% on-premise
Oregon	see footnote (1)	n.a.	
Pennsylvania	see footnote (1)	Yes	
Rhode Island	3.75	Yes	
South Carolina	2.72	Yes	\$5.36/case and 9% surtax
South Dakota	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax
Tennessee	4.40	Yes	\$0.15/case and 15% on-premise; under 7% - \$1.21/gallon.
Texas	2.40	Yes	14% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	see footnote (1)	no	10% on-premise sales tax
Virginia	see footnote (1)	Yes	
Washington	see footnote (1)	Yes*	
West Virginia	see footnote (1)	Yes	
Wisconsin	3.25	Yes	
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	1.50	Yes	8% off- and 10% on-premise sales tax
U.S. Median	\$3.75		

Source: Compiled by FTA from various sources.

\* Sales tax is applied to on-premise sales only.

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.

TABLE 10  
STATE WINE EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
Alabama	\$1.70	Yes	over 14% - sold through state store
Alaska	2.50	n.a.	
Arizona	0.84	Yes	
Arkansas	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off- and 10% on-premise
California	0.20	Yes	sparkling wine - \$0.30/gallon
Colorado	0.32	Yes	
Connecticut	0.60	Yes	over 21% and sparkling wine - \$1.50/gallon
Delaware	0.97	n.a.	
Florida	2.25	Yes	over 17.259% - \$3.00/gallon, sparkling wine \$3.50/gallon 6.67¢/4 ounces on-premise retail tax
Georgia	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax Sparkling wine - \$2.12/gallon and wine coolers - \$0.85/gallon
Hawaii	1.38	Yes	
Idaho	0.45	Yes	
Illinois	0.73	Yes	over 20% - \$4.50/gallon; \$0.246/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County
Indiana	0.47	Yes	over 21% - \$2.68/gallon
Iowa	1.75	Yes	under 5% - \$0.19/gallon
Kansas	0.30	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise
Kentucky	0.50	Yes*	11% wholesale
Louisiana	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon
Maine	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax
Maryland	0.40	Yes	
Massachusetts	0.55	Yes*	sparkling wine - \$0.70/gallon;
Michigan	0.51	Yes	over 16% - \$0.76/gallon
Minnesota	0.30	--	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; over 24% - \$3.52/gallon; \$0.01/bottle (except miniatures) and 9% sales tax
Mississippi	0.35	Yes	over 14% and sparkling wine - sold through the state
Missouri	0.30	Yes	
Montana	1.06	n.a.	over 16% - sold through state stores
Nebraska	0.95	Yes	
Nevada	0.70	Yes	14% to 22% - \$1.30/gallon, over 22% - \$3.60/gallon
New Hampshire	see footnote (1)	n.a.	
New Jersey	0.70	Yes	
New Mexico	1.70	Yes	over 14% - \$5.68/gallon
New York	0.19	Yes	

TABLE 10 (continued)

## STATE WINE EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
North Carolina	0.79	Yes	over 17% - \$0.91/gallon
North Dakota	\$0.50	--	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax
Ohio	0.30	Yes	over 14% - \$0.98/gallon, vermouth - \$1.08/gallon and sparkling wine - \$1.48/gallon
Oklahoma	0.72	Yes	over 14% - \$1.40/gallon, sparkling wine - \$2.08/gallon;
Oregon	0.67	n.a.	13.5% on-premise
Pennsylvania	see footnote (1)	Yes	over 14% - \$0.77/gallon
Rhode Island	0.60	Yes	sparkling wine - \$0.75/gallon
South Carolina	0.90	Yes	\$0.18/gallon additional tax
South Dakota	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
Tennessee	1.21	Yes	\$0.15/case and 15% on-premise.
Texas	0.20	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 14% on-premise and \$0.05/drink on airline sales
Utah	see footnote (1)	Yes	
Vermont	0.55	Yes	over 16% - sold through state store, 10% on-premise sales tax
Virginia	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store
Washington	0.87	Yes	over 14% - \$1.72/gallon
West Virginia	1.00	Yes	5% local tax
Wisconsin	0.25	Yes	over 14% - \$0.45/gallon
Wyoming	see footnote (1)	Yes	
Dist. of Columbia	0.30	Yes	8% off- and 10% on-premise sales tax, over 14% - \$0.40/gallon and Sparkling - \$0.45/gallon.
U.S. Median	\$0.69		

Source: Compiled by FTA from various sources.

\* Sales tax is applied to on-premise sales only.

(1) All wine sales are through state stores. Revenue in these states is generated from various taxes, fees and net profits.

TABLE 11  
STATE BEER EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
Alabama	\$0.53	Yes	\$0.52/gallon local tax
Alaska	1.07	n.a.	\$0.35/gallon small breweries
Arizona	0.16	Yes	
Arkansas	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 3% off- 10% on-premise tax
California	0.2	Yes	
Colorado	0.08	Yes	
Connecticut	0.19	Yes	
Delaware	0.16	n.a.	
Florida	0.48	Yes	2.67¢/12 ounces on-premise retail tax
Georgia	0.48	Yes	\$0.53/gallon local tax
Hawaii	0.93	Yes	\$0.54/gallon draft beer
Idaho	0.15	Yes	over 4% - \$0.45/gallon
Illinois	0.185	Yes	\$0.16/gallon in Chicago and \$0.06/gallon in Cook County
Indiana	0.115	Yes	
Iowa	0.19	Yes	
Kansas	0.18	--	over 3.2% - {8% off- and 10% on-premise}, under 3.2% - 4.25% sales tax.
Kentucky	0.08	Yes*	11% wholesale tax
Louisiana	0.32	Yes	\$0.048/gallon local tax
Maine	0.35	Yes	additional 5% on-premise tax
Maryland	0.09	Yes	\$0.2333/gallon in Garrett County
Massachusetts	0.11	Yes*	0.57% on private club sales
Michigan	0.20	Yes	
Minnesota	0.15	--	under 3.2% - \$0.077/gallon. 9% sales tax
Mississippi	0.4268	Yes	
Missouri	0.06	Yes	
Montana	0.14	n.a.	
Nebraska	0.31	Yes	
Nevada	0.16	Yes	
New Hampshire	0.30	n.a.	
New Jersey	0.12	Yes	
New Mexico	0.41	Yes	
New York	0.11	Yes	\$0.12/gallon in New York City
North Carolina	0.53	Yes	
North Dakota	0.16	--	7% state sales tax, bulk beer \$0.08/gal.
Ohio	0.18	Yes	
Oklahoma	0.40	Yes	under 3.2% - \$0.36/gallon; 13.5% on-premise
Oregon	0.08	n.a.	
Pennsylvania	0.08	Yes	
Rhode Island	0.1	Yes	\$0.04/case wholesale tax

TABLE 11 (continued)  
STATE BEER EXCISE TAX RATES (JANUARY 1, 2008)

State	Excise Tax Rates (\$ Per Gallon)	Sales Taxes Applied	Other Taxes
South Carolina	\$0.77	Yes	
South Dakota	0.28	Yes	
Tennessee	0.14	Yes	17% wholesale tax
Texas	0.19	Yes	over 4% - \$0.198/gallon, 14% on-premise and \$0.05/drink on airline sales
Utah	0.41	Yes	over 3.2% - sold through state store
Vermont	0.265	no	6% to 8% alcohol - \$0.55; 10% on-premise sales tax
Virginia	0.26	Yes	
Washington	0.261	Yes	
West Virginia	0.18	Yes	
Wisconsin	0.06	Yes	
Wyoming	0.02	Yes	
Dist. of Columbia	0.09	Yes	8% off- and 10% on-premise sales tax
U.S. Median	\$0.188		

SOURCE: Compiled by FTA from various sources.

\* Sales tax is applied to on-premise sales only.

## ATTACHMENT 1

TABLE 12  
STATE CIGARETTE TAX RATES & RANK, DATE OF LAST INCREASE, ANNUAL  
PACK SALES AND REVENUES, AND RELATED DATA

State	Cigarette Tax Per Pack	National Rank (1 = high)	Date of Last State Tax Increase	FY 2007 Cigarette Pack Sales (millions)	FY 2007 Cigarette Tax Revenue (millions)	Retail Price Per Pack With All Taxes
All State Av /Total	\$1.14	NA	NA	18.85 billion	\$14.5 billion	\$4.18
Alabama	\$0.425	42nd	5/18/2004	369.0	\$144.9	\$3.33
Alaska	\$2.00	5th	7/1/2007	35.5	\$63.5	\$5.72
Arizona	\$2.00	5th	12/8/2006	231.1	\$351.4	\$4.94
Arkansas	\$0.59	38th	6/1/2003	220.4	\$122.1	\$3.65
California	\$0.87	30th	1f1/1999	1,157.9	\$998.8	\$4.05
Colorado	\$0.84	31st	1/1/2005	242.9	\$202.1	\$3.90
Connecticut	\$2.00	5th	7/1/2007	176.9	\$254.2	\$5.11
Delaware	\$1.15	23rd	7/31/2007	158.1	\$86.5	\$3.82
Washington, DC	\$1.00	26th	1/1/2003	22.2	\$21.7	\$4.09
Florida	0.339	46th	7/1/1990	1265.1	\$422.8	\$3.44
Georgia	\$0.37	43rd	7/1/2003	605.5	\$217.8	\$3.44
Hawaii	\$1.80	12th	9/30/2007	56.1	\$88.8	\$5.37
Idaho	\$0.57	39th	6/1/2003	85.9	\$47.3	\$3.63
Illinois	\$0.98	28th	7/1/2002	624.2	\$602.4	\$4.76
Indiana	\$0.995	27th	7/1/2007	645.7	\$354.1	\$3.95
Iowa	\$1.36	19th	3/15/2007	227.6	\$121.8	\$4.29
Kansas	\$0.79	33rd	1/1/2003	146.6	\$115.1	\$3.90
Kentucky	\$0.30	47th	6/1/2005	597.0	\$177.5	\$2.81
Louisiana	\$0.36	44th	7/1/2002	371.6	\$126.1	\$3.38
Maine	\$2.00	5th	9/19/2005	77.4	\$153.0	\$5.22
Maryland	\$2.00	5th	1/1/2008	271.0	\$268.4	\$5.14
Massachusetts	\$1.51	16th	7/24/2002	277.1	\$417.6	\$4.85
Michigan	\$2.00	5th	7/1/2004	555.6	\$1,094.5	\$5.10
Minnesota	\$1.493	17th	8/1/2005	273.7	\$408.6	\$4.15
Mississippi	\$0.1\$	49th	6/1/1985	258.3	\$43.5	\$3.31
Missouri	\$0.17	60th	10/1/1993	588.1	\$97.0	\$3.16
Montana	\$1.70	14th	1/1/2005	49.7	\$82.1	\$4.47
Nebraska	\$0.64	35th	10/1/2002	106.2	\$66.7	\$3.57
Nevada	\$0.80	32nd	7/22/2003	163.5	\$129.5	\$3.86
New Hampshire	\$1.08	24th	7/1/2007	173.1	\$138.6	\$3.82
New Jersey	\$2.575	2nd	7/15/2006	298.5	\$764.5	\$5.87
New Mexico	\$0.91	29th	7/1/2003	67.7	\$61.3	\$3.84
New York	\$2.75	1 st	6/3/2008	622.7	\$934.7	\$6.42
North Carolina	\$0.35	45th	7/1/2006	693.7	\$235.0	\$3.31
North Dakota	\$0.44	41st	7/1/1993	48.2	\$21.2	\$3.35

TABLE 12 (continued)  
 STATE CIGARETTE TAX RATES & RANK, DATE OF LAST INCREASE, ANNUAL  
 PACK SALES AND REVENUES, AND RELATED DATA

State	Cigarette Tax Per Pack	National Rank (1 = high)	Date of Last State Tax Increase	FY 2007 Cigarette Pack Sales (millions)	FY 2007 Cigarette Tax Revenue (millions)	Retail Price Per Pack With All Taxes
Ohio	\$1.25	21st	7/1/2005	778.2	\$955.2	\$4.21
Oklahoma	\$1.03	25th	1/1/2005	307.2	\$201.6	\$3.69
Oregon	\$1.18	22nd	1/1/2004	205.2	\$240.2	\$3.86
Pennsylvania	\$1.35	20th	1/7/2004	756.3	\$1,013.4	\$4.19
Rhode Island	\$2.46	3rd	7/1/2004	48.3	\$117.4	\$5.57
South Carolina	\$0.07	51st	7/11/1977	394.1	\$26.6	\$3.11
South Dakota	\$1.53	15th	1/1/2007	45.7	\$44.0	\$4.11
Tennessee	\$0.62	36th	7/1/2007	648.4	\$127.1	\$3.65
Texas	\$1.41	18th	1/1/2007	1,159.1	\$993.7	\$4.26
Utah	\$0.695	34th	5/6/2002	83.8	\$55.9	\$3.70
Vermont	\$1.99	11th	7/1/2008	34.0	\$60.1	\$5.07
Virginia	\$0.30	47th	7/1/2005	581.3	\$171.1	\$3.40
Washington	\$2.025	4th	7/1/2005	207.1	\$417.6	\$5.28
West Virginia	\$0.55	40th	5/1/2003	201.0	\$106.1	\$3.40
Wisconsin	\$1.77	13th	1/1/2008	390.8	\$296.1	\$4.92
Wyoming	\$0.60	37th	7/1/2003	42.7	\$24.1	\$3.50

Source: Campaign for Tobacco-Free Kids, April 9, 2008

NOTE: The price per pack includes all federal and statewide excise and sales taxes but not any purely local taxes (except that NY City's \$1.50 per pack tax is factored into the overall NY State price per pack)