

CS FOR HOUSE BILL NO. 225(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/2/02
Referred: Rules

Sponsor(s): REPRESENTATIVES MURKOWSKI, Hudson, Halcro

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state taxation of alcoholic beverages; and increasing the alcoholic
2 beverage state tax rates."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 43.60.010(a) is amended to read:

5 (a) Except as provided in (c) of this section, every [EVERY] brewer,
6 distiller, bottler, jobber, retailer, wholesaler, or manufacturer who sells alcoholic
7 beverages in the state or who consigns shipments of alcoholic beverages into the state,
8 whether or not the alcoholic beverages are brewed, distilled, bottled, or manufactured
9 in the state, shall pay on all malt beverages (alcoholic content of one percent or more
10 by volume), wines, and hard or distilled alcoholic beverages, the following taxes:

11 (1) malt beverages at the rate of \$1.07 [35 CENTS] a gallon or fraction
12 of a gallon;

13 (2) cider with at least 0.5 percent alcohol by volume but not more
14 than seven percent alcohol by volume, at the rate of \$1.07 a gallon or fraction of a

1 **gallon;**

2 **(3)** wine or other beverages, **other than beverages described in (1) or**
 3 **(2) of this subsection,** of 21 percent alcohol by volume or less, at the rate of **\$2.50**
 4 [85 CENTS] a gallon or fraction of a gallon; and

5 **(4)** [(3)] other beverages having a content of more than 21 percent
 6 alcohol by volume at the rate of **\$12.80** [\$5.60] a gallon.

7 * **Sec. 2.** AS 43.60.010 is amended by adding a new subsection to read:

8 (c) A brewer shall pay a tax at the rate of 35 cents a gallon on sales of the first
 9 60,000 barrels of beer sold in the state each fiscal year beginning July 1, 2001, for beer
 10 produced in the United States if the producing brewery meets the qualifications of 26
 11 U.S.C. 5051(a)(2). To qualify for the tax rate under this subsection, the brewer must
 12 file with the department a copy of a Bureau of Alcohol, Tobacco and Firearms
 13 acknowledged copy of the brewer's Notice of Brewer to Pay Reduced Rate of Tax
 14 required under 27 C.F.R. 25.167 for the calendar year in which the fiscal year begins
 15 for which the partial exemption is sought. If proof of eligibility is not received by the
 16 department before June 1, the tax rate under this subsection does not apply until the
 17 first day of the second month after the month the notice is received by the department.
 18 For purposes of applying this subsection, a barrel of beer may contain no more than 31
 19 gallons.

20 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 21 read:

22 TRANSITIONAL PROVISION. Notwithstanding the rates in AS 43.60.010(a), as
 23 amended by sec. 1 of this Act, the tax imposed in AS 43.60.010(a), as amended by sec. 1 of
 24 this Act, shall be imposed at the following rates:

25 (1) from the effective date of this Act through December 31, 2003, the tax on

26 (A) malt beverages will be at the rate of 59 cents a gallon or fraction of
 27 a gallon;

28 (B) cider with at least 0.5 percent alcohol by volume but not more than
 29 seven percent alcohol by volume, at the rate of 36 cents a gallon or fraction of a
 30 gallon;

31 (C) wine or other beverages, other than beverages described in (A) or

1 (B) of this paragraph, of 21 percent alcohol by volume or less, at the rate of \$1.40 a
2 gallon or fraction of a gallon; and

3 (D) other beverages having a content of more than 21 percent alcohol
4 by volume at the rate of \$8.00 a gallon;

5 (2) from January 1, 2004, through December 31, 2004, the tax on

6 (A) malt beverages will be at the rate of 83 cents a gallon or fraction of
7 a gallon;

8 (B) cider with at least 0.5 percent alcohol by volume but not more than
9 seven percent alcohol by volume, at the rate of 72 cents a gallon or fraction of a
10 gallon;

11 (C) wine or other beverages, other than beverages described in (A) or
12 (B) of this paragraph, of 21 percent alcohol by volume or less, at the rate of \$1.95 a
13 gallon or fraction of a gallon; and

14 (D) other beverages having a content of more than 21 percent alcohol
15 by volume at the rate of \$10.40 a gallon.