MINNESOTA · REVENUE

ALCOHOLIC BEVERAGE TAXES
SALES AND USE TAX
Sunday Sales of Alcoholic Beverages

March 11, 2011

	Yes	**No**
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 197 (Reinert) / H.F. 375 (Kahn)

	Fund Impact			
	F.Y. 2012	**F.Y. 2013**	**F.Y. 2014**	**F.Y. 2015**
	(000's)			
Alcoholic Beverage Excise Taxes	$290	$300	$300	$310
Sales Tax on Alcoholic Beverages (6.5%)	$75	$80	$80	$85
Liquor Gross Receipts Tax (2.5%)	$30	$30	$30	$30
General Fund Total	$395	$410	$410	$425
Natural Resources and Arts Funds (0.375%)	$4	$5	$5	$5
Total – All Funds	$399	$415	$415	$430

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: Off-sale sales of intoxicating liquor are currently prohibited on Sunday, before 8:00 a.m. or after 10:00 p.m. on Monday through Saturday, Thanksgiving Day, Christmas Day, and after 8:00 p.m. on Christmas Eve.

Proposed Law: This bill would allow off-sale sales of intoxicating liquor between the hours of 8:00 a.m. and 10:00 p.m. on every day except for Christmas Day.

REVENUE ANALYSIS DETAIL

- It is assumed that total off-sale retail sales will increase 0.5% by allowing sales on Sunday. Also, Sunday off-sale authority is estimated to shift 0.5% of on-sale sales to Sunday off-sale.
- Baseline revenues are the February 2011 forecast for the alcohol beverage excise taxes.
- Minnesota excise tax collection information provides data on quantities sold.
- Off-sale sales comprise 46.1% of retail sales of alcohol based on industry data.
- Based on industry data 74.4% of beer volume is sold off-sale, 77.3% of wine volume is sold off-sale, and 74.3% of spirits volume is sold off-sale.
- When sales of alcohol shift from on-sale to off-sale, sales taxes from these sales are reduced by 71% due to price differentials.
- The estimate for fiscal year 2012 assumes an effective date of June 1, 2011.

Number of Taxpayers: About 2,000 businesses hold some form of off-sale liquor license.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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