ALCOHOLIC BEVERAGE TAXES
Small Brewers' Credit

April 8, 2013

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of S.F. 587 (Dahms) / H.F. 1109 (Torkelson)

	Fund Impact			
	F.Y. 2014	**F.Y. 2015**	**F.Y. 2016**	**F.Y. 2017**
	(000's)			
General Fund	($420)	($420)	($430)	($430)

Effective for determinations based on calendar year 2012 production and thereafter.

EXPLANATION OF THE BILL

Current Law: A qualified brewer producing fermented malt beverages is entitled to a tax credit of $4.60 per barrel on 25,000 barrels sold in any fiscal year beginning July 1. The credit is limited to the lesser of the actual tax due, or $115,000. A qualified brewer is a one who produced less than 100,000 barrels in the preceding calendar year.

Proposed Law: This bill would raise the production threshold for a qualified brewer from 100,000 barrels to 250,000 barrels.

REVENUE ANALYSIS DETAIL

- Brewers claimed $430,000 in credits in fiscal year 2012.
- Based on data from the Special Taxes Division of the Department of Revenue, there are a small number of brewers who are not currently qualified brewers that would become qualified brewers under this bill.
- There are several additional brewers who currently produce nearly 100,000 barrels or may soon have the capacity to produce more than 100,000 barrels.
- Between 2003 and 2010 the number of qualified barrels grew at an average rate of 2.1%. This growth rate is used to project the number of barrels of beer produced by producers who would become eligible for the credit.
- The bill would be effective beginning with determinations based on calendar year 2012 production, so the impact on collections would first occur in fiscal year 2014.

Number of Taxpayers: Approximately 15 brewers could be affected.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

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