

MINNESOTA • REVENUE

ALCOHOLIC BEVERAGE TAXES Farm Winery Credit

March 16, 2016

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S.F. 2097 (Ingebrigtsen) As Proposed to be Amended (SCS2097A-1)

	Fund Impact			
	F.Y. 2016	F.Y. 2017	F.Y. 2018	F.Y. 2019
		(000's)		
General Fund	\$0	(\$70)	(\$80)	(\$90)

Effective July 1, 2016.

EXPLANATION OF THE BILL

Current Law: Wine, including wine sold at farm wineries, is subject to alcoholic beverage excise taxes at various rates.

	<u>Per liter</u>	<u>Per gallon</u>
Regular Wine	\$0.08	\$0.30
Strong Wine	\$0.25	\$0.95
Sparkling Wine	\$0.48	\$1.82
Cider	\$0.04	\$0.15

A farm winery license authorizes sales on the premises of a farm winery of not more than 75,000 gallons of wine in a calendar year.

Proposed Law: The bill would create a tax credit for wine sold at a farm winery. As proposed to be amended, the farm winery would be entitled to a tax credit equal to the excise tax due on wine sold not to exceed the lesser of the tax liability or \$136,275.

REVENUE ANALYSIS DETAIL

- The estimates, and growth rates of 6% annually, are based on excise tax collection information from the Department of Revenue for calendar years 2014 and 2015.
- All wine sold on the premises of farm wineries would qualify for the credit.
- The fiscal year 2017 estimate is adjusted for eleven months of collections.

Number of Taxpayers: Approximately seventy farm wineries would be impacted.

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