

**2013 -- H 5559**

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LC00625  
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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2013**

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A N A C T

RELATING TO TAXATION - ALCOHOLIC BEVERAGES

Introduced By: Representatives Morgan, Phillips, Costantino, Baldelli-Hunt, and Chippendale

Date Introduced: February 14, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 44-18-18 of the General Laws in Chapter 44-18 entitled "Sales and  
2 Use Taxes - Liability and Computation" is hereby amended to read as follows:

3           **44-18-18. Sales tax imposed. [Effective October 1, 2012.] --** A tax is imposed upon  
4 sales at retail in this state including charges for rentals of living quarters in hotels as defined in  
5 section 42-63.1-2, rooming houses, or tourist camps, at the rate of six percent (6%) of the gross  
6 receipts of the retailer from the sales or rental charges; provided, that the tax imposed on charges  
7 for the rentals applies only to the first period of not exceeding thirty (30) consecutive calendar  
8 days of each rental; provided, further, that for the period commencing July 1, 1990, the tax rate is  
9 seven percent (7%). The tax is paid to the tax administrator by the retailer at the time and in the  
10 manner provided. Excluded from this tax are those living quarters in hotels, rooming houses, or  
11 tourist camps for which the occupant has a written lease for the living quarters which lease covers  
12 a rental period of twelve (12) months or more [and the gross receipts from the sale of intoxicating](#)  
13 [beverages, exclusive of beer and malt beverages](#). In recognition of the work being performed by  
14 the Streamlined Sales and Use Tax Governing Board, upon any federal law which requires  
15 remote sellers to collect and remit taxes, effective the first (1st) day of the first (1st) state fiscal  
16 quarter following the change, the rate imposed under section 44-18-18 shall be six and one-half  
17 percent (6.5%).

18           SECTION 2. Section 3-10-1 of the General Laws in Chapter 3-10 entitled "Taxation of  
19 Beverages" is hereby amended to read as follows:

1           **3-10-1. Manufacturing tax rates -- Exemption of religious uses.** -- (a) There shall be  
2 assessed and levied by the tax administrator on all beverages manufactured, rectified, blended, or  
3 reduced for sale in this state a tax of three dollars (\$3.00) on every thirty-one (31) gallons, and a  
4 tax at a like rate for any other quantity or fractional part. On any beverage manufactured,  
5 rectified, blended, or reduced for sale in this state consisting in whole or in part of wine, whiskey,  
6 rum, gin, brandy spirits, ethyl alcohol, or other strong liquors (as distinguished from beer or other  
7 brewery products) the tax to be assessed and levied is as follows:

- 8           (1) Still wines (whether fortified or not), sixty cents (\$.60) per gallon;
- 9           (2) Still wines (whether fortified or not) made entirely from fruit grown in this state,  
10 thirty cents (\$.30) per gallon;
- 11           (3) Sparkling wines (whether fortified or not), seventy five cents (\$.75) per gallon;
- 12           (4) Whiskey, rum, gin, brandy spirits, cordials, and other beverages consisting in whole  
13 or in part of alcohol which is the product of distillation, three dollars and seventy-five cents  
14 (\$3.75) per gallon, except that whiskey, rum, gin, brandy spirits, cordials, and other beverages  
15 consisting in whole or in part of alcohol which is the product of distillation but which contains  
16 alcohol measuring thirty (30) proof or less, one dollar and ten cents (\$1.10) per gallon;
- 17           (5) Ethyl alcohol to be used for beverage purposes, seven dollars and fifty cents (\$7.50)  
18 per gallon; and
- 19           (6) Ethyl alcohol to be used for nonbeverage purposes, eight cents (\$.08) per gallon.

20           (7) In addition to the taxes set forth in this section, the tax administrator shall assess and  
21 levy an additional tax on intoxicating beverages, exclusive of beer and malt beverages,  
22 manufactured, rectified, blended, or reduced for sale in this state in an amount sufficient to  
23 generate annual tax revenue to the state in the amount of six million dollars (\$6,000,000) for the  
24 first fiscal year after enactment of this act. The amount of the first tax established by the tax  
25 administrator in the first year after the enactment of this act shall remain in effect until further  
26 action of the general assembly.

27           (b) Sacramental wines are not subject to any tax if sold directly to a member of the clergy  
28 for use by the purchaser, or his or her congregation for sacramental or other religious purposes.

29           (c) A brewer who brews beer in this state which is actively and directly owned,  
30 managed, and operated by an authorized legal entity which has owned, managed, and operated a  
31 brewery in this state for at least twelve (12) consecutive months, shall receive a tax exemption on  
32 the first one hundred thousand (100,000) barrels of beer that it produces and distributes in this  
33 state in any calendar year. A barrel of beer is thirty one (31) gallons.

1 SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
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1           This act would eliminate the sales tax on liquor and wine, exclusive of beer and malt  
2 beverages. The act would increase the excise tax on liquor and wine in an amount sufficient to  
3 generate six million dollars (\$6,000,000) in annual revenue.

4           This act would take effect upon passage.

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