ASSEMBLY, No. 138

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
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District 24 (Morris, Sussex and Warren)
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SYNOPSIS

Decreases the Alcoholic Beverage Tax rate paid on certain liquors.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT decreasing the Alcoholic Beverage Tax rate paid on certain liquors, amending R.S.54:43-1.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. R.S.54:43-1 is amended to read as follows:

54:43-1. Tax rates. There are hereby levied and imposed upon any sale of alcoholic beverages made within this State or upon any delivery of alcoholic beverages made within or into this State the following excise taxes:

a. Beer--From July 1, 1990 through June 30, 1992, at the rate of $0.10 a gallon or fraction thereof and on or after July 1, 1992, at the rate of $0.12 a gallon or fraction thereof.

b. Liquors--From July 1, 1990 through June 30, 1992, at the rate of $4.20 a gallon, on or after July 1, 1992 through July 31, 2009, at the rate of $4.40 a gallon and on or after August 1, 2009, at the rate of <u>$2.75 a gallon for liquors which are manufactured in a distillery which produces no more than 20,000 gallons of distilled alcoholic beverages per year, and</u> $5.50 a gallon <u>for liquors manufactured in all other distilleries</u>.

c. (Deleted by amendment, P.L.1972, c.53.)

d. (Deleted by amendment, P.L.1972, c.53.)

e. Wines, vermouth and sparkling wines--From July 1, 1990 through June 30, 1992, at the rate of $0.50 a gallon, on or after July 1, 1992 through July 31, 2009, at the rate of $0.70 a gallon; and on or after August 1, 2009, at the rate of $0.875 a gallon, provided however, that cider containing at least three and two-tenths per centum (3 2/10 %) of alcohol by volume but not more than 7 per centum (7%) of alcohol by volume shall be taxed at the rate of $0.15 a gallon.

(cf: P.L.2009, c.71, s.1)

2. This act shall take effect immediately and apply to all sales and deliveries made on or after the first day of the first month of the reporting period next following the date of enactment.

STATEMENT

This bill decreases the Alcoholic Beverage Tax (ABT) rate paid on certain liquors. Currently, the ABT rate is $5.50 a gallon of liquor. This bill revises the ABT rate to provide that liquor which is manufactured in a distillery producing no more than 20,000 gallons of distilled alcoholic beverages per year shall be taxed at the

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined <u>thus</u> is new matter.

rate of $2.75 a gallon; the ABT rate for liquor manufactured in distilleries producing more than 20,000 gallons remains $5.50 a gallon. The form in which the taxpayers must file the ABT rate will be prescribed by the Director, Division of Taxation in accordance with the Director's rule making authority.

By decreasing the tax burden imposed on distilleries producing less than 20,000 gallons, the sponsor's intent is to encourage the start-up of additional distilleries in this State. Additionally, a lower ABT rate for small distilleries will allow these distilleries to become competitive with larger distilleries, which have a scale of economies by virtue of their size.

Currently, a taxpayer in this State must file an ABT return bimonthly. Accordingly, this bill will become effective immediately and apply to all sales and deliveries made on the first day of the bimonthly reporting period next following enactment of this bill into law.