

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 3452

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3452 (1R).

This bill reduces the alcoholic beverage tax rate on cider and low-percentage alcohol by volume (ABV) liquors so that they match the tax rate for beer. Under current law governing the excise tax on alcoholic beverages, cider is taxed at \$0.15 a gallon and beer is taxed at \$0.12 a gallon. This bill reduces the rate on cider to \$0.12 a gallon to match the tax rate for beer.

Low-percentage ABV liquors, such as canned cocktails, are currently taxed at the rate for liquor, which is \$5.50 a gallon. Under the bill, liquors with lower than 9.9 percent ABV are to be taxed at \$0.12 a gallon to match the tax rate for beer.

FISCAL IMPACT:

The Office of Legislative Services (OLS) does not have data on the percentage of liquor sales that will be affected by the tax rate change, but assumes that they represent approximately 10 percent of the category by volume, and that the lower tax rates will result in about \$10 million in less State revenue annually based on tax revenues currently generated from liquor sales. The change to the tax rate on cider will cost the State approximately \$24,000 in revenue.