

SENATE BILL NO. 288

INTRODUCED BY ECK

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

January 31, 1985	Introduced and referred to Committee on Taxation.
February 6, 1985	Fiscal Note requested.
February 9, 1985	Fiscal Note returned.
February 25, 1985	Committee recommend bill do pass as amended. Report adopted.
	Bill printed and placed on members' desks.
February 26, 1985	Second reading, do pass.
	Considered correctly engrossed.
February 27, 1985	Third reading, passed. Ayes, 50; Noes, 0.
	Transmitted to House.

IN THE HOUSE

March 7, 1985	Introduced and referred to Committee on Taxation.
April 25, 1985	On motion, taken from Committee on Taxation and referred to second reading.
	Second reading, concurred in as amended.

April 25, 1985

Third reading, concurred in.

Returned to Senate with  
amendments.

IN THE SENATE

April 25, 1985

On motion, rules suspended to  
receive Senate Bill No. 288.  
Motion adopted.

Received from House.

Second reading, amendments  
concurred in.

Third reading, amendments  
concurred in.

Sent to enrolling.

Reported correctly enrolled.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17

*Senate* BILL NO. 288

INTRODUCED BY *CSK*

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE REQUIREMENT THAT THE STATE MARKUP ON LIQUOR MANUFACTURED, DISTILLED, RECTIFIED, BOTTLED, OR PROCESSED IN MONTANA BE 10 PERCENT LESS THAN THE MARKUP ON THE PRODUCTS OF OUT-OF-STATE MANUFACTURERS, DISTILLERS, RECTIFIERS, AND PROCESSORS; REPEALING SECTION 16-2-202, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Repealer. Section 16-2-202, MCA, is repealed.

Section 2. Effective date. This act is effective July 1, 1985.

-End-



INTRODUCED BILL  
SB 288

STATE OF MONTANA

FISCAL NOTE

REQUEST NO. FNN 318-85

Form BD-15

In compliance with a written request received February 6, 19 85, there is hereby submitted a Fiscal Note for S.B. 288 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act removing the requirement that the state markup on liquor manufactured, distilled, rectified, bottled, or processed in Montana be 10 percent less than the markup on the products of out-of-state manufacturers, distillers, rectifiers, and processors.

ASSUMPTIONS:

1. Consumption of liquor products remains constant at FY 84 levels.
2. Liquor revenue projections prepared by OBPP provide the basis for comparison.

	FY 86			FY 87		
	Under Current Law	Under Proposed Law	Difference	Under Current Law	Under Proposed Law	Difference
Liquor Profits	\$ 5,222,000	\$ 5,319,470	\$ 97,470	\$ 5,077,000	\$ 5,174,470	\$ 97,470
Liquor License Tax	4,125,000	4,134,625	9,625	4,210,000	4,219,625	9,625
Liquor Excise Tax	6,600,000	6,615,399	15,399	6,736,000	6,751,399	15,399
General Fund	11,822,000	11,934,869	112,869	11,813,000	11,925,869	112,869
Cities and Towns	1,237,500	1,240,388	2,888	1,263,000	1,265,888	2,888
Counties	185,625	186,058	433	189,450	189,883	433
Department of Institutions	2,701,875	2,708,179	6,304	2,757,550	2,763,854	6,304

*David L Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: Feb 9, 1985

S B 288

STATE OF MONTANA  
FISCAL NOTE

REQUEST NO. FNN318-85 (Amended)

Form BD-15

In compliance with a written request received March 16, 19 85, there is hereby submitted a Fiscal Note for S.B. 288 (Amended) pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

An act removing the requirement that the state markup on liquor manufactured, distilled, rectified, bottled, or processed in Montana be 10 percent less than the markup on the products of out-of-state manufacturers, distillers, rectifiers, and processors; providing a lower liquor excise and license tax for companies that manufacture, distill, rectify, bottle, or process and sell not more than 250,000 proof gallons of liquor annually.

ASSUMPTIONS

1. Consumption of liquor products remains constant at FY84 levels.
2. Liquor revenue projections prepared by OBPP provide the basis for comparison.

	<u>FY86</u>			<u>FY87</u>		
	Under <u>Current Law</u>	Under <u>Proposed Law</u>	<u>Difference</u>	Under <u>Current Law</u>	Under <u>Proposed Law</u>	<u>Difference</u>
Liquor Profits	5,222,000	5,319,470	97,470	5,077,000	5,174,470	97,470
Liquor License Tax	4,125,000	4,049,461	(75,539)	4,210,000	4,134,461	(75,539)
Liquor Excise Tax	6,600,000	6,479,137	(120,863)	6,736,000	6,615,137	(120,863)
TOTAL REVENUE	15,947,000	15,848,068	(98,932)	16,023,000	15,924,068	(98,932)
General Fund	11,822,000	11,798,607	(23,393)	11,813,000	11,789,607	(23,393)
Cities and Towns	1,237,500	1,214,839	(22,661)	1,263,000	1,240,339	(22,661)
Counties	185,625	182,225	(3,400)	189,450	186,050	(3,400)
Department of Institutions	2,701,875	2,652,397	(49,478)	2,757,550	2,708,072	(49,478)

*David L. Hunter*

BUDGET DIRECTOR  
Office of Budget and Program Planning

Date: March 20, 1985  
SB 288 Amended

APPROVED BY COMMITTEE  
ON TAXATION

1                   SENATE BILL NO. 288  
2                   INTRODUCED BY ECK  
3                   BY REQUEST OF THE DEPARTMENT OF REVENUE  
4  
5   A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE  
6   REQUIREMENT THAT THE STATE MARKUP ON LIQUOR MANUFACTURED,  
7   DISTILLED, RECTIFIED, BOTTLED, OR PROCESSED IN MONTANA BE 10  
8   PERCENT LESS THAN THE MARKUP ON THE PRODUCTS OF OUT-OF-STATE  
9   MANUFACTURERS, DISTILLERS, RECTIFIERS, AND PROCESSORS;  
10  PROVIDING A LOWER LIQUOR EXCISE AND LICENSE TAX FOR  
11  COMPANIES THAT MANUFACTURE, DISTILL, RECTIFY, BOTTLE, OR  
12  PROCESS AND SELL NOT MORE THAN 250,000 PROOF GALLONS OF  
13  LIQUOR ANNUALLY; AMENDING SECTIONS 16-1-401 AND 16-1-404,  
14  MCA; REPEALING SECTION 16-2-202, MCA; AND PROVIDING AN  
15  EFFECTIVE DATE."  
16  
17       WHEREAS, THE MONTANA LEGISLATURE RECOGNIZES THE NEED TO  
18  FOSTER SMALL BUSINESS GROWTH AND DEVELOPMENT AS AN ESSENTIAL  
19  COMPONENT OF THE MONTANA ECONOMY; AND  
20       WHEREAS, THE MONTANA LEGISLATURE FINDS THAT SMALL,  
21  EMERGING COMPANIES ENGAGED IN THE BUSINESS OF MANUFACTURING,  
22  DISTILLING, RECTIFYING, BOTTLING, AND PROCESSING LIQUOR ARE  
23  PARTICULARLY VULNERABLE TO VARIABLES IN THE MARKETPLACE IN  
24  COMPARISON TO LARGER WELL-ESTABLISHED COMPANIES; AND  
25       WHEREAS, TAX REDUCTIONS TO SUCH SMALLER, EMERGING

1   COMPANIES ARE A MEANS OF FOSTERING THEIR ECONOMIC GROWTH  
2   WITHOUT IMPINGING UPON INTERSTATE COMMERCE.  
3  
4   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
5       SECTION 1. SECTION 16-1-401, MCA, IS AMENDED TO READ:  
6       "16-1-401. Liquor excise tax. (1) The department is  
7   hereby authorized and directed to charge, receive, and  
8   collect at the time of the sale and delivery of any liquor  
9   as authorized under any provision of the laws of the state  
10  of Montana an excise tax at the rate of:  
11       (a) 16% of the retail selling price on all liquor sold  
12  and delivered in the state by a company that manufactured,  
13  distilled, rectified, bottled, or processed and sold more  
14  than 250,000 proof gallons of liquor nationwide in the  
15  calendar year preceding imposition of the tax pursuant to  
16  this section;  
17       (b) 12% of the retail selling price on all liquor sold  
18  and delivered in the state by a company that manufactured,  
19  distilled, rectified, bottled, or processed and sold not  
20  more than 250,000 proof gallons of liquor nationwide in the  
21  calendar year preceding imposition of the tax pursuant to  
22  this section.  
23       (2) The department shall retain the amount of such  
24  excise tax received in a separate account and shall deposit  
25  with the state treasurer, to the credit of the general fund,

1 such sums collected and received not later than the 10th day  
2 of each and every month."

3 SECTION 2. SECTION 16-1-404, MCA, IS AMENDED TO READ:

4 "16-1-404. License tax on liquor -- amount --  
5 distribution of proceeds. (1) The department is hereby  
6 authorized and directed to charge, receive, and collect at  
7 the time of sale and delivery of any liquor under any  
8 provisions of the laws of the state of Montana a license tax  
9 of:

10 (a) 10% of the retail selling price on all liquor sold  
11 and delivered in the state by a company that  
12 manufactured, distilled, rectified, bottled, or processed and  
13 sold more than 250,000 proof gallons of liquor nationwide in  
14 the calendar year preceding imposition of the tax pursuant  
15 to this section;

16 (b) 7.5% of the retail selling price on all liquor  
17 sold and delivered in the state by a company that  
18 manufactured, distilled, rectified, bottled, or processed  
19 and sold not more than 250,000 proof gallons of liquor  
20 nationwide in the calendar year preceding imposition of the  
21 tax pursuant to this section.

22 (2) The license tax shall be charged and collected on  
23 all liquor brought into the state and taxed by the  
24 department. The retail selling price shall be computed by  
25 adding to the cost of said liquor the state markup as

1 designated by the department. ~~Said-10%~~ The license tax shall  
2 be figured in the same manner as the state excise tax and  
3 shall be in addition to said state excise tax. The  
4 department shall retain in a separate account the amount of  
5 ~~such--10%~~ the license tax so received. Thirty percent of  
6 these revenues shall be allocated to the counties according  
7 to the amount of liquor purchased in each county to be  
8 distributed to the incorporated cities and towns, as  
9 provided in subsection ~~(2)~~ (3). Four and one-half percent of  
10 these revenues shall be allocated to the counties according  
11 to the amount of liquor purchased in each county, and this  
12 money may be used for county purposes. The remaining  
13 revenues shall be deposited in the state special revenue  
14 fund to the credit of the department of institutions for the  
15 treatment, rehabilitation, and prevention of alcoholism.  
16 Provided, however, in the case of purchases of liquor by a  
17 retail liquor licensee for use in his business, the  
18 department shall make such regulations as are necessary to  
19 apportion that proportion of license tax so generated to the  
20 county where the licensed establishment is located, for use  
21 as provided in 16-1-405. The department shall pay quarterly  
22 to each county treasurer the proportion of the license tax  
23 due each county to be allocated to the incorporated cities  
24 and towns of the county.

25 ~~(2)~~(3) The license tax proceeds allocated to the

1 county under subsection ~~(1)~~(2) for use by cities and towns  
2 shall be distributed by the county treasurer to the  
3 incorporated cities and towns within 30 days of receipt from  
4 the department. The distribution of funds to the cities and  
5 towns shall be based on the proportion that the gross sale  
6 of liquor in each city or town is to the gross sale of  
7 liquor in all of the cities and towns of the county.

8 ~~(3)~~(4) The license tax proceeds that are allocated to  
9 the department of institutions for the treatment,  
10 rehabilitation, and prevention of alcoholism shall be  
11 credited quarterly to the department of institutions. The  
12 legislature may appropriate a portion of the license tax  
13 proceeds to support alcohol programs. The remainder shall be  
14 distributed as provided in 53-24-206."

15 Section 3. Repealer. Section 16-2-202, MCA, is  
16 repealed.

17 Section 4. Effective date. This act is effective July  
18 1, 1985.

-End-



APPROVED BY COMMITTEE  
ON TAXATION

1 SENATE BILL NO. 288  
 2 INTRODUCED BY ECK  
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE  
 4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE  
 6 REQUIREMENT THAT THE STATE MARKUP ON LIQUOR MANUFACTURED,  
 7 DISTILLED, RECTIFIED, BOTTLED, OR PROCESSED IN MONTANA BE 10  
 8 PERCENT LESS THAN THE MARKUP ON THE PRODUCTS OF OUT-OF-STATE  
 9 MANUFACTURERS, DISTILLERS, RECTIFIERS, AND PROCESSORS;  
 10 PROVIDING A LOWER LIQUOR EXCISE AND LICENSE TAX FOR  
 11 COMPANIES THAT MANUFACTURE, DISTILL, RECTIFY, BOTTLE, OR  
 12 PROCESS AND SELL NOT MORE THAN 250,000 PROOF GALLONS OF  
 13 LIQUOR ANNUALLY; AMENDING SECTIONS 16-1-401 AND 16-1-404,  
 14 MCA; REPEALING SECTION 16-2-202, MCA; AND PROVIDING AN  
 15 EFFECTIVE DATE."  
 16  
 17 WHEREAS, THE MONTANA LEGISLATURE RECOGNIZES THE NEED TO  
 18 FOSTER SMALL BUSINESS GROWTH AND DEVELOPMENT AS AN ESSENTIAL  
 19 COMPONENT OF THE MONTANA ECONOMY; AND  
 20 WHEREAS, THE MONTANA LEGISLATURE FINDS THAT SMALL,  
 21 EMERGING COMPANIES ENGAGED IN THE BUSINESS OF MANUFACTURING,  
 22 DISTILLING, RECTIFYING, BOTTLING, AND PROCESSING LIQUOR ARE  
 23 PARTICULARLY VULNERABLE TO VARIABLES IN THE MARKETPLACE IN  
 24 COMPARISON TO LARGER WELL-ESTABLISHED COMPANIES; AND  
 25 WHEREAS, TAX REDUCTIONS TO SUCH SMALLER, EMERGING

1 COMPANIES ARE A MEANS OF FOSTERING THEIR ECONOMIC GROWTH  
 2 WITHOUT IMPINGING UPON INTERSTATE COMMERCE.  
 3  
 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 5 SECTION 1. SECTION 16-1-401, MCA, IS AMENDED TO READ:  
 6 "16-1-401. Liquor excise tax. (1) The department is  
 7 hereby authorized and directed to charge, receive, and  
 8 collect at the time of the sale and delivery of any liquor  
 9 as authorized under any provision of the laws of the state  
 10 of Montana an excise tax at the rate of:  
 11 (a) 16% of the retail selling price on all liquor sold  
 12 and delivered in the state by a company that manufactured,  
 13 distilled, rectified, bottled, or processed, and sold more  
 14 than 250,000 proof gallons of liquor nationwide in the  
 15 calendar year preceding imposition of the tax pursuant to  
 16 this section;  
 17 (b) 12% of the retail selling price on all liquor sold  
 18 and delivered in the state by a company that manufactured,  
 19 distilled, rectified, bottled, or processed, and sold not  
 20 more than 250,000 proof gallons of liquor nationwide in the  
 21 calendar year preceding imposition of the tax pursuant to  
 22 this section.  
 23 (2) The department shall retain the amount of such  
 24 excise tax received in a separate account and shall deposit  
 25 with the state treasurer, to the credit of the general fund,



1 such sums collected and received not later than the 10th day  
2 of each and every month."

3 SECTION 2. SECTION 16-1-404, MCA, IS AMENDED TO READ:

4 "16-1-404. License tax on liquor -- amount --  
5 distribution of proceeds. (1) The department is hereby  
6 authorized and directed to charge, receive, and collect at  
7 the time of sale and delivery of any liquor under any  
8 provisions of the laws of the state of Montana a license tax  
9 of:

10 (a) 10% of the retail selling price on all liquor sold  
11 and delivered ~~in the state~~ in the state by a company that  
12 manufactured, distilled, rectified, bottled, or processed,  
13 and sold more than 250,000 proof gallons of liquor  
14 nationwide in the calendar year preceding imposition of the  
15 tax pursuant to this section;

16 (b) 7.5% of the retail selling price on all liquor  
17 sold and delivered in the state by a company that  
18 manufactured, distilled, rectified, bottled, or processed,  
19 and sold not more than 250,000 proof gallons of liquor  
20 nationwide in the calendar year preceding imposition of the  
21 tax pursuant to this section.

22 (2) The license tax shall be charged and collected on  
23 all liquor brought into the state and taxed by the  
24 department. The retail selling price shall be computed by  
25 adding to the cost of said liquor the state markup as

1 designated by the department. ~~Said 10%~~ The license tax shall  
2 be figured in the same manner as the state excise tax and  
3 shall be in addition to said state excise tax. The  
4 department shall retain in a separate account the amount of  
5 ~~such 10%~~ the license tax so received. Thirty percent of  
6 these revenues shall be allocated to the counties according  
7 to the amount of liquor purchased in each county to be  
8 distributed to the incorporated cities and towns, as  
9 provided in subsection ~~(2)~~ (3). Four and one-half percent of  
10 these revenues shall be allocated to the counties according  
11 to the amount of liquor purchased in each county, and this  
12 money may be used for county purposes. The remaining  
13 revenues shall be deposited in the state special revenue  
14 fund to the credit of the department of institutions for the  
15 treatment, rehabilitation, and prevention of alcoholism.  
16 Provided, however, in the case of purchases of liquor by a  
17 retail liquor licensee for use in his business, the  
18 department shall make such regulations as are necessary to  
19 apportion that proportion of license tax so generated to the  
20 county where the licensed establishment is located, for use  
21 as provided in 16-1-405. The department shall pay quarterly  
22 to each county treasurer the proportion of the license tax  
23 due each county to be allocated to the incorporated cities  
24 and towns of the county.

25 ~~(2)~~ (3) The license tax proceeds allocated to the

1 county under subsection ~~††~~(2) for use by cities and towns  
2 shall be distributed by the county treasurer to the  
3 incorporated cities and towns within 30 days of receipt from  
4 the department. The distribution of funds to the cities and  
5 towns shall be based on the proportion that the gross sale  
6 of liquor in each city or town is to the gross sale of  
7 liquor in all of the cities and towns of the county.

8 ~~††~~(4) The license tax proceeds that are allocated to  
9 the department of institutions for the treatment,  
10 rehabilitation, and prevention of alcoholism shall be  
11 credited quarterly to the department of institutions. The  
12 legislature may appropriate a portion of the license tax  
13 proceeds to support alcohol programs. The remainder shall be  
14 distributed as provided in 53-24-206."

15 Section 3. Repealer. Section 16-2-202, MCA, is  
16 repealed.

17 Section 4. Effective date. This act is effective July  
18 1, 1985.

-End-

## 1 SENATE BILL NO. 288

2 INTRODUCED BY ECK

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE  
 6 REQUIREMENT THAT THE STATE MARKUP ON LIQUOR MANUFACTURED,  
 7 DISTILLED, RECTIFIED, BOTTLED, OR PROCESSED IN MONTANA BE 10  
 8 PERCENT LESS THAN THE MARKUP ON THE PRODUCTS OF OUT-OF-STATE  
 9 MANUFACTURERS, DISTILLERS, RECTIFIERS, AND PROCESSORS;  
 10 PROVIDING A LOWER LIQUOR EXCISE AND LICENSE TAX FOR  
 11 COMPANIES THAT MANUFACTURE, DISTILL, RECTIFY, BOTTLE, OR  
 12 PROCESS AND SELL NOT MORE THAN 250,000 PROOF GALLONS OF  
 13 LIQUOR ANNUALLY; AMENDING SECTIONS 16-1-401 AND 16-1-404,  
 14 MCA; REPEALING SECTION 16-2-202, MCA; AND PROVIDING AN  
 15 EFFECTIVE DATE."

16  
 17 WHEREAS, THE MONTANA LEGISLATURE RECOGNIZES THE NEED TO  
 18 FOSTER SMALL BUSINESS GROWTH AND DEVELOPMENT AS AN ESSENTIAL  
 19 COMPONENT OF THE MONTANA ECONOMY; AND

20 WHEREAS, THE MONTANA LEGISLATURE FINDS THAT SMALL,  
 21 EMERGING COMPANIES ENGAGED IN THE BUSINESS OF MANUFACTURING,  
 22 DISTILLING, RECTIFYING, BOTTLING, AND PROCESSING LIQUOR ARE  
 23 PARTICULARLY VULNERABLE TO VARIABLES IN THE MARKETPLACE IN  
 24 COMPARISON TO LARGER WELL-ESTABLISHED COMPANIES; AND

25 WHEREAS, TAX REDUCTIONS TO SUCH SMALLER, EMERGING

1 COMPANIES ARE A MEANS OF FOSTERING THEIR ECONOMIC GROWTH  
 2 WITHOUT IMPINGING UPON INTERSTATE COMMERCE.

3  
 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

5 SECTION 1. SECTION 16-1-401, MCA, IS AMENDED TO READ:

6 "16-1-401. Liquor excise tax. (1) The department is  
 7 hereby authorized and directed to charge, receive, and  
 8 collect at the time of the sale and delivery of any liquor  
 9 as authorized under any provision of the laws of the state  
 10 of Montana an excise tax at the rate of:

11 (a) 16% of the retail selling price on all liquor sold  
 12 and delivered in the state by a company that manufactured,  
 13 distilled, rectified, bottled, or processed and sold more  
 14 than 250,000 proof gallons of liquor nationwide in the  
 15 calendar year preceding imposition of the tax pursuant to  
 16 this section;

17 (b) 12% of the retail selling price on all liquor sold  
 18 and delivered in the state by a company that manufactured,  
 19 distilled, rectified, bottled, or processed and sold not  
 20 more than 250,000 proof gallons of liquor nationwide in the  
 21 calendar year preceding imposition of the tax pursuant to  
 22 this section.

23 (2) The department shall retain the amount of such  
 24 excise tax received in a separate account and shall deposit  
 25 with the state treasurer, to the credit of the general fund,

1 such sums collected and received not later than the 10th day  
2 of each and every month."

3 SECTION 2. SECTION 16-1-404, MCA, IS AMENDED TO READ:

4 "16-1-404. License tax on liquor -- amount --  
5 distribution of proceeds. (1) The department is hereby  
6 authorized and directed to charge, receive, and collect at  
7 the time of sale and delivery of any liquor under any  
8 provisions of the laws of the state of Montana a license tax  
9 of:

10 (a) 10% of the retail selling price on all liquor sold  
11 and delivered in the state by a company that  
12 manufactured, distilled, rectified, bottled, or processed and  
13 sold more than 250,000 proof gallons of liquor nationwide in  
14 the calendar year preceding imposition of the tax pursuant  
15 to this section;

16 (b) 7.5% of the retail selling price on all liquor  
17 sold and delivered in the state by a company that  
18 manufactured, distilled, rectified, bottled, or processed  
19 and sold not more than 250,000 proof gallons of liquor  
20 nationwide in the calendar year preceding imposition of the  
21 tax pursuant to this section.

22 (2) The license tax shall be charged and collected on  
23 all liquor brought into the state and taxed by the  
24 department. The retail selling price shall be computed by  
25 adding to the cost of said liquor the state markup as

1 designated by the department. ~~Said 10%~~ The license tax shall  
2 be figured in the same manner as the state excise tax and  
3 shall be in addition to said state excise tax. The  
4 department shall retain in a separate account the amount of  
5 ~~such 10%~~ the license tax so received. Thirty percent of  
6 these revenues shall be allocated to the counties according  
7 to the amount of liquor purchased in each county to be  
8 distributed to the incorporated cities and towns, as  
9 provided in subsection ~~(2)~~ (3). Four and one-half percent of  
10 these revenues shall be allocated to the counties according  
11 to the amount of liquor purchased in each county, and this  
12 money may be used for county purposes. The remaining  
13 revenues shall be deposited in the state special revenue  
14 fund to the credit of the department of institutions for the  
15 treatment, rehabilitation, and prevention of alcoholism.  
16 Provided, however, in the case of purchases of liquor by a  
17 retail liquor licensee for use in his business, the  
18 department shall make such regulations as are necessary to  
19 apportion that proportion of license tax so generated to the  
20 county where the licensed establishment is located, for use  
21 as provided in 16-1-405. The department shall pay quarterly  
22 to each county treasurer the proportion of the license tax  
23 due each county to be allocated to the incorporated cities  
24 and towns of the county.

25 ~~(2)~~ (3) The license tax proceeds allocated to the

1 county under subsection ~~(1)~~(2) for use by cities and towns  
2 shall be distributed by the county treasurer to the  
3 incorporated cities and towns within 30 days of receipt from  
4 the department. The distribution of funds to the cities and  
5 towns shall be based on the proportion that the gross sale  
6 of liquor in each city or town is to the gross sale of  
7 liquor in all of the cities and towns of the county.

8 ~~(3)~~(4) The license tax proceeds that are allocated to  
9 the department of institutions for the treatment,  
10 rehabilitation, and prevention of alcoholism shall be  
11 credited quarterly to the department of institutions. The  
12 legislature may appropriate a portion of the license tax  
13 proceeds to support alcohol programs. The remainder shall be  
14 distributed as provided in 53-24-206."

15 Section 3. Repealer. Section 16-2-202, MCA, is  
16 repealed.

17 Section 4. Effective date. This act is effective July  
18 1, 1985.

-End-

## COMMITTEE OF THE WHOLE AMENDMENT

HOUSE

4-25-85

DATE

7:45

TIME

MR. CHAIRMAN: I MOVE TO AMEND Senate Bill No. 288

3rd reading copy ( blue ) as follows:  
Color

- .5 Title, line 12.  
Strike: "250,000"  
Insert: "200,000"
1. Page 2, line 14.  
Following: "than"  
Strike: "\$250,000"  
Insert: "\$200,00"
2. Page 2, line 17.  
Following: "(b)"  
Strike: "12%"  
Insert: "13.8%"
3. Page 2, line 20.  
Following: "more"  
Strike: "that 250,000"  
Insert: "than 200,000"
4. Page 3, line 13.  
Following: "than"  
Strike: "250,000"  
Insert: "200,000"
5. Page 3, line 16.  
Following: "(b)"  
Strike: "7.5%"  
Insert: "8.6%"
6. Page 3, line 19.  
Following: "than"  
Strike: "250,000"  
Insert: "200,000"

28  
ADOPT

REJECT

*Devlin*  
.....  
Devlin

1 SENATE BILL NO. 288

2 INTRODUCED BY ECK

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING THE  
6 REQUIREMENT THAT THE STATE MARKUP ON LIQUOR MANUFACTURED,  
7 DISTILLED, RECTIFIED, BOTTLED, OR PROCESSED IN MONTANA BE 10  
8 PERCENT LESS THAN THE MARKUP ON THE PRODUCTS OF OUT-OF-STATE  
9 MANUFACTURERS, DISTILLERS, RECTIFIERS, AND PROCESSORS;  
10 PROVIDING A LOWER LIQUOR EXCISE AND LICENSE TAX FOR  
11 COMPANIES THAT MANUFACTURE, DISTILL, RECTIFY, BOTTLE, OR  
12 PROCESS AND SELL NOT MORE THAN ~~250,000~~ 200,000 PROOF GALLONS  
13 OF LIQUOR ANNUALLY; AMENDING SECTIONS 16-1-401 AND 16-1-404,  
14 MCA; REPEALING SECTION 16-2-202, MCA; AND PROVIDING AN  
15 EFFECTIVE DATE."  
16

17 WHEREAS, THE MONTANA LEGISLATURE RECOGNIZES THE NEED TO  
18 FOSTER SMALL BUSINESS GROWTH AND DEVELOPMENT AS AN ESSENTIAL  
19 COMPONENT OF THE MONTANA ECONOMY; AND

20 WHEREAS, THE MONTANA LEGISLATURE FINDS THAT SMALL,  
21 EMERGING COMPANIES ENGAGED IN THE BUSINESS OF MANUFACTURING,  
22 DISTILLING, RECTIFYING, BOTTLING, AND PROCESSING LIQUOR ARE  
23 PARTICULARLY VULNERABLE TO VARIABLES IN THE MARKETPLACE IN  
24 COMPARISON TO LARGER WELL-ESTABLISHED COMPANIES; AND

25 WHEREAS, TAX REDUCTIONS TO SUCH SMALLER, EMERGING

1 COMPANIES ARE A MEANS OF FOSTERING THEIR ECONOMIC GROWTH  
2 WITHOUT IMPINGING UPON INTERSTATE COMMERCE.

3  
4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

5 SECTION 1. SECTION 16-1-401, MCA, IS AMENDED TO READ:

6 "16-1-401. Liquor excise tax. (1) The department is  
7 hereby authorized and directed to charge, receive, and  
8 collect at the time of the sale and delivery of any liquor  
9 as authorized under any provision of the laws of the state  
10 of Montana an excise tax at the rate of:

11 (a) 16% of the retail selling price on all liquor sold  
12 and delivered in the state by a company that manufactured,  
13 distilled, rectified, bottled, or processed, and sold more  
14 than ~~250,000~~ 200,000 proof gallons of liquor nationwide in  
15 the calendar year preceding imposition of the tax pursuant  
16 to this section;

17 (b) ~~12%~~ 13.8% of the retail selling price on all  
18 liquor sold and delivered in the state by a company that  
19 manufactured, distilled, rectified, bottled, or processed,  
20 and sold not more than ~~250,000~~ THAN 200,000 proof gallons of  
21 liquor nationwide in the calendar year preceding imposition  
22 of the tax pursuant to this section.

23 (2) The department shall retain the amount of such  
24 excise tax received in a separate account and shall deposit  
25 with the state treasurer, to the credit of the general fund,

REFERENCE BILL

SB 288



1 such sums collected and received not later than the 10th day  
2 of each and every month."

3 SECTION 2. SECTION 16-1-404, MCA, IS AMENDED TO READ:

4 "16-1-404. License tax on liquor -- amount --  
5 distribution of proceeds. (1) The department is hereby  
6 authorized and directed to charge, receive, and collect at  
7 the time of sale and delivery of any liquor under any  
8 provisions of the laws of the state of Montana a license tax  
9 of:

10 (a) 10% of the retail selling price on all liquor sold  
11 and delivered in the state by a company that  
12 manufactured, distilled, rectified, bottled, or processed,  
13 and sold more than 250,000 200,000 proof gallons of liquor  
14 nationwide in the calendar year preceding imposition of the  
15 tax pursuant to this section;

16 (b) 7.5% 8.6% of the retail selling price on all  
17 liquor sold and delivered in the state by a company that  
18 manufactured, distilled, rectified, bottled, or processed,  
19 and sold not more than 250,000 200,000 proof gallons of  
20 liquor nationwide in the calendar year preceding imposition  
21 of the tax pursuant to this section.

22 (2) The license tax shall be charged and collected on  
23 all liquor brought into the state and taxed by the  
24 department. The retail selling price shall be computed by  
25 adding to the cost of said liquor the state markup as

1 designated by the department. ~~Said-10%~~ The license tax shall  
2 be figured in the same manner as the state excise tax and  
3 shall be in addition to said state excise tax. The  
4 department shall retain in a separate account the amount of  
5 ~~such--10%~~ the license tax so received. Thirty percent of  
6 these revenues shall be allocated to the counties according  
7 to the amount of liquor purchased in each county to be  
8 distributed to the incorporated cities and towns, as  
9 provided in subsection ~~(2)~~ (3). Four and one-half percent of  
10 these revenues shall be allocated to the counties according  
11 to the amount of liquor purchased in each county, and this  
12 money may be used for county purposes. The remaining  
13 revenues shall be deposited in the state special revenue  
14 fund to the credit of the department of institutions for the  
15 treatment, rehabilitation, and prevention of alcoholism.  
16 Provided, however, in the case of purchases of liquor by a  
17 retail liquor licensee for use in his business, the  
18 department shall make such regulations as are necessary to  
19 apportion that proportion of license tax so generated to the  
20 county where the licensed establishment is located, for use  
21 as provided in 16-1-405. The department shall pay quarterly  
22 to each county treasurer the proportion of the license tax  
23 due each county to be allocated to the incorporated cities  
24 and towns of the county.

25 ~~(2)~~(3) The license tax proceeds allocated to the

1 county under subsection ~~(1)~~(2) for use by cities and towns  
2 shall be distributed by the county treasurer to the  
3 incorporated cities and towns within 30 days of receipt from  
4 the department. The distribution of funds to the cities and  
5 towns shall be based on the proportion that the gross sale  
6 of liquor in each city or town is to the gross sale of  
7 liquor in all of the cities and towns of the county.

8 ~~(3)~~(4) The license tax proceeds that are allocated to  
9 the department of institutions for the treatment,  
10 rehabilitation, and prevention of alcoholism shall be  
11 credited quarterly to the department of institutions. The  
12 legislature may appropriate a portion of the license tax  
13 proceeds to support alcohol programs. The remainder shall be  
14 distributed as provided in 53-24-206."

15 Section 3. Repealer. Section 16-2-202, MCA, is  
16 repealed.

17 Section 4. Effective date. This act is effective July  
18 1, 1985.

-End-