



Rhode Island Department of Revenue
Division of Taxation

Tax Administrator's Report:

Sales and Taxation of Alcoholic Beverages



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE
DIVISION OF TAXATION

May 1, 2019

The Honorable William J. Conley, Jr.
Chair, Committee on Finance
Rhode Island Senate

The Honorable Marvin L. Abney
Chair, Committee on Finance
Rhode Island House of Representatives

I am submitting this report to you in fulfillment of the requirements set forth in legislation approved by the General Assembly in June 2012.¹

The terms of that legislation, codified at Rhode Island General Laws § 3-10-5(b), require that the Tax Administrator, on or before May 1, prepare and submit to you a report showing total sales of alcoholic beverages, sales tax collections, and excise tax collections, by county, involving Class A licensees in Rhode Island for the preceding calendar year.

This report draws its data chiefly from annual reports recently filed with the Division of Taxation by Class A licensees authorized to sell alcoholic beverages in Rhode Island. Class A licensees must file their annual reports with the Division by February 1.

Please let me know if you have any questions or require additional information.

Sincerely yours,

Neena S. Savage
Rhode Island Tax Administrator

¹ Rhode Island Public Law 2012, ch. 241, art. 21, § 15 (amended by P.L. 2013, ch. 144, art. 9, § 9, and P.L. 2014, ch. 528, § 1).



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“Each Class A licensee authorized to sell intoxicating beverages at wholesale or retail in this state shall file an annual report on or before February 1 with the division of taxation in the form required by the tax administrator. Such report shall include, but not be limited to, total sales of alcoholic beverages, sales tax, and excise tax collections on such sales for the immediately preceding calendar year. Annually, on or before May 1, the tax administrator shall prepare and submit to the chairs of the house and senate finance committees a report reflecting data from the annual reports submitted by said licensee to the division of taxation. The tax administrator’s report shall compile total sales of alcoholic beverages, sales tax, and excise tax collections by county.”

-- Rhode Island General Laws § 3-10-5(b)

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Executive summary

This report, as required by statute, shows total sales of alcoholic beverages, sales tax collections, and excise tax collections, by county, involving Class A licensees in Rhode Island for the 2018 calendar year.²

Disclaimer

The Rhode Island Division of Taxation has made every effort to ensure that the data in this report is reliable. However, the Division urges that care be taken when drawing conclusions based on the data.

For example, the Division was required to compile the data based solely on the annual returns (“annual reconciliations”) as filed by liquor stores and wholesalers; there was insufficient time to audit all of those returns to ensure that they were complete and accurate.

Furthermore, the Division faced challenges in compiling this report. Although the liquor stores and wholesalers are required to file annual reconciliations by statute, some liquor stores and wholesalers failed to file their returns in time for the results to be included in this report.³

Approximately 16.4% of liquor stores failed to file their returns this year, compared with a 15% delinquency rate last year. The increase in delinquent filers could have a material effect on the results presented in this report. (For more information on this matter, see pages 14 and 17 of this report.)

Summary of findings

Following is a summary of the findings of this report.

Summary of findings (dollars in millions)			
	2017	2018	Difference
Gross sales of alcoholic beverages by liquor stores	\$ 371.58	\$ 374.45	0.77%
Net taxable sales of alcoholic beverages by liquor stores	131.63	129.53	-1.59%
Sales tax collected and remitted by liquor stores	9.21	9.07	-1.59%
Excise tax on sales by wholesalers to liquor stores*	18.16	15.68	-13.64%

Numbers are rounded and are for calendar year.
* Wholesalers/distributors pay excise tax on alcoholic beverages they sell, net of inventory, to liquor stores.

² For the “Executive summary” portion of this report, amounts are rounded.

³ For purposes of this report, the filing cut-off date was April 18, 2019, and the Division stopped tallying and vetting data on April 29, 2019.

- Gross sales of alcoholic beverages by liquor stores in Rhode Island totaled \$374.45 million in calendar year 2018, compared with \$371.58 million in calendar year 2017, an increase of 0.77%.
- Net taxable sales of alcoholic beverages by liquor stores in Rhode Island – in other words, sales after considering deductions and exemptions, including the exemption for wine and spirits – totaled approximately \$129.53 million in calendar year 2018, compared with \$131.63 million in calendar year 2017, a decrease of 1.59%.
- Liquor stores collected and remitted \$9.07 million in Rhode Island sales and use tax in calendar year 2018, compared with \$9.21 million in calendar year 2017, a decrease of 1.59%. (The tax rate for each year was 7%.)
- The Division of Taxation estimates that wholesalers/distributors paid a combined total of approximately \$15.68 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island in calendar year 2018, compared with \$18.16 million in calendar year 2017, a decrease of 13.64%.⁴

Estimates

Liquor stores claimed, in the aggregate, a sales tax deduction – related to the sales tax exemption for wine and spirits – of \$244.39 million in 2018, compared with \$239.41 million in 2017.

Based on those deductions, and on the Rhode Island sales and use tax rate of 7%, the Division of Taxation estimates that Rhode Island forfeited approximately \$17.11 million in sales tax revenue in 2018 related to the sales tax exemption for wine and spirits sold at liquor stores, compared with \$16.76 million in sales tax revenue in 2017 related to the same exemption.

Scope of report

There are 250 active Class A licensees – liquor stores⁵ – in Rhode Island.⁶ Each is required by statute to file an annual sales and use tax return, known as an annual reconciliation.⁷ The returns are due on or before February 1 of each year.

⁴ See note on page 14 of this report.

⁵ Liquor stores are also known as “package stores.”

⁶ In general, a retailer with a Class A license is authorized to store and sell alcoholic beverages on premises, under certain conditions. For more information, see Rhode Island General Laws § 3-7-1 and § 3-7-3.

⁷ Rhode Island General Laws § 3-10-5(b).

Based on the information contained in such returns, the Tax Administrator is required by statute to prepare and submit a report to the chairs of the House and Senate Finance Committees.

The report is due on or before May 1 of each year. It must include the following information:

- Total sales of alcoholic beverages by county.
- Sales tax collections by county.
- Excise tax collections by county.

This report is therefore broken into three sections:

- 1.) Gross sales of alcoholic beverages.
- 2.) Sales tax collections (based on net taxable sales of alcoholic beverages).
- 3.) Excise tax (paid by wholesalers/distributors).

The appendices contain additional information.

1.) Sales of alcoholic beverages by liquor stores

The Division of Taxation estimates that gross sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2018 totaled approximately \$374.45 million, which represents a 0.77% increase over calendar year 2017.⁸

Gross sales of alcoholic beverages, statewide, by year (dollars in millions)			
	2017	2018	Difference
Gross sales of alcoholic beverages by liquor stores	\$ 371.58	\$ 374.45	0.77%

Numbers are for calendar year, are rounded, are for sales at liquor stores only (before deductions and exemptions), and are based on annual reconciliation reports filed by stores with Division of Taxation.

- Wine and spirit sales accounted for approximately \$244.39 million, or 65.27%, of gross sales of alcoholic beverages by liquor stores in calendar year 2018.
- Beer and malt sales accounted for approximately \$130.06 million, or 34.73%, of gross sales of alcoholic beverages by liquor stores in calendar year 2018. (Rhode Island’s sales tax exemption applies to wine and spirit sales, not to beer and malt sales.)



Of the approximately \$374.45 million in gross sales of alcoholic beverages by liquor stores in calendar year 2018, Providence County accounted for the largest portion –

⁸ Approximately 16.4% of liquor stores failed to file their returns this year, compared with a 15% delinquency rate last year. The increase in delinquent filers could have a material effect on the results presented in this report.



approximately \$175.72 million. Bristol County accounted for the smallest portion – approximately \$13.96 million.

Gross sales of alcoholic beverages by county, by year				
County	2017	2018	\$ Difference	% Difference
Bristol	\$ 14,421,078.26	\$ 13,959,131.80	(\$ 461,946.46)	-3.20%
Kent	74,963,182.45	81,306,259.39	6,343,076.94	8.46%
Newport	35,514,937.47	37,546,663.95	2,031,726.48	5.72%
Providence	177,905,324.02	175,715,783.52	(2,189,540.50)	-1.23%
Washington	68,776,534.83	65,917,748.22	(2,858,786.61)	-4.16%
Total	\$ 371,581,057.03	\$ 374,445,586.88	\$ 2,864,529.85	0.77%

Aggregate amounts for calendar year 2017 and calendar year 2018, from unaudited reports by licensees.

Net taxable sales of alcoholic beverages

The Division of Taxation estimates that net taxable sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2018 totaled approximately \$129.53 million.⁹ That represents a 1.59% decrease from calendar year 2017. The sales tax exemption for wine and spirits was in force for all of calendar years 2017 and 2018.

Net taxable sales of alcoholic beverages at liquor stores, by year* (dollars in millions)			
	2017	2018	Difference
Net taxable sales of alcoholic beverages by liquor stores	\$ 131.63	\$ 129.53	-1.59%

Calendar-year numbers are rounded, are for sales in Rhode Island at liquor stores only, after deductions and exemptions, and are based on annual reconciliation reports filed by stores with Division of Taxation.

Of the \$129.53 million in net taxable sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2018, Providence County accounted for the largest portion – approximately \$62.92 million. Bristol County accounted for the smallest portion, approximately \$3.31 million.

⁹ "Net taxable sales" generally means gross sales after deductions for certain nontaxable items, including re-sales mainly to caterers (who charge sales tax to end users); sales to tax-exempt federal and state government agencies; sales to tax-exempt nonprofit organizations; and the sale of wine and spirits. (The sale of wine and spirits was exempt from the sales tax for all of calendar years 2017 and 2018.)

Net taxable sales of alcoholic beverages, by county, by year				
County	2017	2018	\$ Difference	% Difference
Bristol	\$ 4,558,847.60	\$ 3,308,741.40	(\$ 1,250,106.20)	-27.42%
Kent	26,134,298.16	28,566,578.75	2,432,280.59	9.31%
Newport	12,037,589.36	11,986,141.82	(51,447.54)	-0.43%
Providence	64,902,308.80	62,918,303.71	(1,984,005.09)	-3.06%
Washington	23,994,702.69	22,749,894.02	(1,244,808.67)	-5.19%
Total	\$ 131,627,746.61	\$ 129,529,659.70	(\$ 2,098,086.91)	-1.59%

Aggregate amounts for calendar year 2017 and calendar year 2018, from unaudited reports by licensees.



2.) Sales tax collections

Rhode Island liquor stores collected and remitted a total of approximately \$9.07 million in sales tax on their net taxable sales of alcoholic beverages in 2018, compared with \$9.21 million in 2017, a decrease of 1.59%.¹⁰

Sales tax collected and remitted by liquor stores, by year (dollars in millions)			
	2017	2018	Difference
Sales tax collected and remitted by liquor stores	\$ 9.21	\$ 9.07	-1.59%
Numbers are for calendar years and are rounded.			

By county in 2018, liquor stores in Providence County collected and remitted the most in sales tax, in the aggregate – approximately \$4.4 million. Liquor stores in Bristol County collected the least, in the aggregate – approximately \$231,612.

Sales tax collected and remitted by liquor stores, by county, by year				
County	2017	2018	\$ Difference	% Difference
Bristol	\$ 319,119.33	\$ 231,611.90	(\$ 87,507.43)	-27.42%
Kent	1,829,400.87	1,999,660.51	170,259.64	9.31%
Newport	842,631.26	839,029.93	(3,601.33)	-0.43%
Providence	4,543,161.62	4,404,281.26	(138,880.36)	-3.06%
Washington	1,679,629.19	1,592,492.58	(87,136.61)	-5.19%
Total	\$ 9,213,942.26	\$ 9,067,076.18	(\$ 146,866.08)	-1.59%
Aggregate amounts for calendar year 2017 and calendar year 2018, from unaudited reports by licensees.				

For both 2017 and 2018, the sales tax exemption for wine and spirits was in effect for the full year.

Exemption for wine, spirits

Legislation enacted on July 3, 2013,¹¹ temporarily exempted wine and spirits sold at liquor stores from Rhode Island sales and use tax. The exemption was for a 16-month period – from December 1, 2013, through March 31, 2015.

¹⁰ Approximately 16.4% of liquor stores failed to file their returns this year, compared with a 15% delinquency rate last year. The increase in delinquent filers could have a material effect on the results presented in this report.

¹¹ Rhode Island Public Law 2013, ch. 144, art. 9, § 3, added an exemption to Rhode Island General Laws § 44-18-30, "Gross receipts exempt from sales and use taxes." The exemption applied to the sale and storage, use, or other consumption in Rhode Island of alcoholic beverages from December 1, 2013, through March 31, 2015 – although beer and malt beverages continued to be subject to sales and use tax during that period. The

Under legislation enacted June 19, 2014,¹² that exemption was extended for three months, through June 30, 2015. Under legislation enacted on June 30, 2015,¹³ the exemption was made permanent.

With respect to wine and spirit sales as listed on annual reconciliation returns, liquor stores in the aggregate claimed a sales and use tax deduction of approximately \$244.39 million for 2018, compared with \$239.41 million for 2017, an increase of 2.08%.

Sales of wine and spirits, deducted on liquor store sales tax reconciliations, by year (dollars in millions)			
	2017	2018	Difference
Sales of wine and spirits, deducted via exemption	\$ 239.41	\$ 244.39	2.08%
Dollar amounts are for calendar years and are rounded.			

By county in 2018, liquor stores in Providence County claimed the highest deduction for wine and spirits under the wine-and-spirits exemption, at approximately \$112.52 million.

Liquor stores in Bristol County had the lowest deduction for wine and spirits, at approximately \$10.59 million.

Sale of wine and spirits, deducted on liquor store sales tax reconciliations, by county, by year				
County	2017	2018	\$ Difference	% Difference
Bristol	\$ 9,767,461.62	\$ 10,587,445.38	\$ 819,983.76	8.40%
Kent	48,774,124.97	52,673,683.58	3,899,558.61	8.00%
Newport	23,468,014.68	25,512,298.77	2,044,284.09	8.71%
Providence	112,662,668.48	112,520,639.24	(142,029.24)	-0.13%
Washington	44,739,821.67	43,094,342.85	(1,645,478.82)	-3.68%
Total	\$ 239,412,091.42	\$ 244,388,409.82	\$ 4,976,318.40	2.08%
Aggregate amounts for calendar year 2017 and calendar year 2018, from unaudited reports by licensees.				

Forgone sales tax revenue

The Division of Taxation estimates that Rhode Island forfeited approximately \$17.11 million in sales tax revenue because of the sales tax exemption on wine and spirit sales

legislation enacted in 2013 also stated that alcoholic beverages "shall not be subject to minimum markup" from December 1, 2013, through March 31, 2015.

¹² Rhode Island Public Law 2014, ch. 145, art. 12, § 9.

¹³ Rhode Island Public Law 2015, ch. 141, art. 11, § 7.

for 2018, compared with \$16.76 million in sales tax revenue in 2017 related to the same exemption. Additional information related to this matter is in Section 3 of this report.

Estimate of forgone sales tax revenue, by county, calendar year 2018		
<i>County</i>	<i>Wine and spirit sales deducted on store returns</i>	<i>An estimate of forgone sales tax revenue</i>
Bristol	\$ 10,587,445.38	\$ 741,121.18
Kent	52,673,683.58	3,687,157.85
Newport	25,512,298.77	1,785,860.91
Providence	112,520,639.24	7,876,444.75
Washington	43,094,342.85	3,016,604.00
Total	\$ 244,388,409.82	\$ 17,107,188.69
Amounts above are for calendar year 2018 and are subject to rounding.		



3.) Excise tax

Wholesalers/distributors of alcoholic beverages are subject to Rhode Island’s alcoholic beverage excise tax and must also file annual reconciliation returns.¹⁴

Excise taxes on a number of categories of alcoholic beverages increased – effective July 1, 2013, through June 30, 2015. Among the categories affected by the increase were malt beverages (including beer), and spirits – such as whiskey, gin, rum, and brandy – containing alcohol measuring more than 30 proof. The increases were initially intended to be temporary, but were made permanent under legislation enacted June 30, 2015,¹⁵ effective July 1, 2015.

Excise tax per gallon on wholesalers/distributors and manufacturers		
	Previous tax rates	Current tax rates
Still wines	\$ 0.60	\$ 1.40
Still wines (Rhode Island fruit)	0.30	0.30
Sparkling wines	0.75	0.75
Whiskey, other distilled spirits	3.75	5.40
Low proof distilled spirits	1.10	1.10
Ethyl alcohol (for beverage purposes)	7.50	7.50
Ethyl alcohol (for non-beverage use)	0.08	0.08
Malt beverages, including beer	3.00	3.30

- All taxes are per gallon, except tax on malt beverages, which is per barrel (a barrel equals 31 gallons).
- “Previous tax rates” were in effect through June 30, 2013.
- “Current tax rates” took effect July 1, 2013.
- Still wines made entirely from fruit grown in Rhode Island continue to be taxed at 30 cents a gallon.
- “Low proof” spirits contain alcohol measuring 30 proof or less.
- Tax applies to manufacturers; wholesalers/distributors pay fee equal to applicable tax rate.
- In-state breweries and distilleries meeting certain other conditions may qualify for limited tax exemption.
- See Rhode Island General Laws § 3-10-1.

Excise tax by county

Rhode Island General Laws § 3-10-5(b) requires the Division of Taxation to report excise tax collections by county. For calendar year 2018, wholesalers/distributors paid a combined total of approximately \$15.68 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island.¹⁶ That compares with approximately \$18.16 million in calendar year 2017, a decrease of 13.64%.

¹⁴ The excise tax applies to manufacturers; wholesalers/distributors pay a fee equal to the tax. The levy is sometimes referred to as a “manufacturing tax” or “import service fee.”

¹⁵ Rhode Island Public Law 2015, ch. 141, art. 11, § 8. See Rhode Island General Laws § 3-10-1.

¹⁶ To meet the requirements of Rhode Island General Laws § 3-10-5(b), the Division of Taxation had to make certain assumptions for versions of this report published in prior years - including, for example, what percentage of total sales by wholesalers/distributors were made to liquor stores. However, due to a revision of the Division of Taxation’s annual reconciliation form, that issue has been resolved; the assumptions are no longer needed. Also, the Division continues to include in this annual report only excise tax related to the distribution of alcoholic beverages by wholesalers/distributors to liquor stores (“Class A” licensees), not to other customers, such as taverns.



Alcoholic beverage excise taxes, by year (dollars in millions)			
	2017	2018	Difference
Excise tax on sales by wholesalers to liquor stores*	\$ 18.16	\$ 15.68	(13.64%)

Dollar amounts are rounded, for calendar year, and are based on reports filed by wholesalers/distributors with Division of Taxation.
 * Wholesalers/distributors pay excise tax on alcoholic beverages they sell, net of inventory, to liquor stores.

The Rhode Island sales tax exemption on wine and spirits applies at the retail level – on sales by liquor stores to consumers. There is no exemption on wine and spirits sold at the wholesale level – sales by wholesalers/distributors to liquor stores.

Of the approximately \$15.68 million in excise tax paid by wholesalers/distributors on alcoholic beverages sold to liquor stores in calendar year 2018, Providence County accounted for the largest portion – approximately \$7.78 million. Bristol County accounted for the smallest portion – approximately \$560,630.

Alcoholic beverage excise taxes, by county, by year				
County	2017	2018	\$ Difference	% Difference
Bristol	\$ 745,765.44	\$ 560,628.82	(\$ 185,136.62)	(24.83%)
Kent	3,378,331.29	3,109,405.06	(268,926.23)	(7.96%)
Newport	2,119,498.57	1,568,785.86	(550,712.71)	(25.98%)
Providence	8,791,907.26	7,777,085.49	(1,014,821.77)	(11.54%)
Washington	3,120,776.01	2,664,657.44	(456,118.57)	(14.62%)
Total:	18,156,278.57	15,680,562.67	(\$ 2,475,715.90)	(13.64%)

Amounts above are for calendar year 2017. For amounts from calendar year 2016, see Appendix B.

- Note: The Rhode Island Division of Taxation recently determined that one or more wholesalers/distributors had overstated the amount of excise tax that they reported earlier this year on their annual reconciliation returns for the 2018 calendar year. The amount of excise tax that the wholesaler(s)/distributor(s) actually paid throughout 2018 was correct and is reflected in the table above. The problem was that the amount reported on the annual reconciliation returns did not match the amount actually paid during the year (because the amount on the annual returns was overstated).

After being notified by the Division, the wholesaler(s)/distributor(s) acknowledged the error, attributed it to a systems problem, corrected it, and assured the Division that, in future years, the amount of excise tax they report on their annual reconciliation returns will match the excise tax payments they made through the year. The Division is continuing to examine the matter, partly to determine whether the overstatement error by one or more filers on 2018 reconciliation returns may also have been made on annual reconciliation returns for one or more prior years.

However, the Division stresses that the overstatement error that the agency uncovered earlier this year was related solely to the reporting by one or more wholesalers/distributors on their 2018 annual reconciliation returns; the overstatement error does not involve the amount of tax that was actually due and paid in 2018. Thus, the overstatement on the annual reconciliation returns for 2018 (and for any prior year, if applicable) has no impact on actual cash collections by the Division and has no impact on the State of Rhode Island for budget and revenue-estimating purposes.



Other information

Following is some additional information.

Forgone tax revenue in summary

As previously noted, the Division of Taxation estimates that Rhode Island forfeited approximately \$17.11 million in sales tax revenue in 2018 related to the sales tax exemption for wine and spirits sold at liquor stores, compared with \$16.76 million in sales tax revenue in 2017 related to the same exemption. The estimated forfeited amount for calendar year 2018 was not offset by an increase in excise tax revenue; excise tax revenue declined for calendar year 2018 compared with 2017.

Legislative change

Rhode Island General Laws § 3-10-1 sets forth tax rates on alcoholic beverages. The taxes apply to manufacturers; wholesalers/distributors pay a fee equal to the applicable tax rate.

Under the statute, a brewer that brews beer in Rhode Island and that is actively and directly owned, managed, and operated by an authorized legal entity that has owned, managed, and operated a brewery in Rhode Island for at least 12 consecutive months receives a tax exemption on the first 100,000 barrels of beer that it produces and distributes in Rhode Island in any calendar year.

Legislation enacted in June 2016 provides a similar tax break for distillers. Under the new provision, a distiller that distills spirits in Rhode Island and that is actively and directly owned, managed, and operated by an authorized legal entity that has owned, managed, and operated a distillery in Rhode Island for at least 12 consecutive months will receive a tax exemption on the first 50,000 gallons of distilled spirits that it produces and distributes in Rhode Island in any calendar year.

Resources and note

Prior-year versions of the Rhode Island Division of Taxation report involving alcoholic beverages are [available on the Division's website](#). Also available on the Division's website is [a copy of the latest annual reconciliation form](#) for liquor stores. Note: The photograph of the Rhode Island State House, on the first page of this report, was taken in April 2019 by the Division of Taxation. This report was revised on May 3, 2019, chiefly to change the heading on a table on page 14.

Timeline

JUNE 2012

- ✦ Legislation is enacted requiring all sellers of alcoholic beverages (wholesalers and retailers, including taverns, bars, liquor stores, and others) to file an annual report to the Division of Taxation by February 1 each year and include their total sales of alcoholic beverages, as well as the sales tax and excise tax collections on such sales.
- ✦ The legislation also requires the Tax Administrator to prepare and submit a report on or before May 1 each year, including a compilation of total sales of alcoholic beverages, and the related sales tax and excise tax collections by county.

JULY 2013

- ✦ Legislation is enacted to temporarily increase excise taxes on a number of categories of alcoholic beverages for a 21-month period, from July 1, 2013, through March 31, 2015. Among the categories affected by the increase will be malt beverages (including beer), a number of still wines, and spirits such as whiskey, gin, rum, and brandy containing alcohol measuring more than 30 proof. (The excise tax applies to manufacturers; wholesalers/distributors pay a fee equal to the tax.)
- ✦ The legislation also will temporarily exempt, from Rhode Island sales and use tax, all wine and spirits sold at liquor stores (“Class A” licensees under Rhode Island General Laws Title 3). The exemption is to be in force for 16 months, from December 1, 2013, through March 31, 2015. Also during that period, no alcoholic beverages sold at retail will be subject to state’s minimum markup. Beer and other malt beverages will continue to be subject to the sales and use tax.
- ✦ Thus, the temporary increase in excise taxes will begin earlier than the temporary sales tax exemption on wine and spirits sold at liquor stores, but will end at the same time.
- ✦ The legislation also limits the scope of the annual reporting requirement. Under the June 2012 legislation as enacted, all sellers of alcoholic beverages (wholesalers and retailers, including taverns, bars, liquor stores, etc.) had to make the annual filing. Under the July 2013 legislation as enacted, the annual reporting requirement will apply only to Class A licensees authorized to sell intoxicating beverages at wholesale or retail.

JUNE 2014

- ✦ Legislation is enacted to extend, by three months, the temporary increase in excise taxes. Thus, the increase, which was to have ended March 31, 2015, will be extended through June 30, 2015.
- ✦ The legislation also extends, by three months, the temporary sales tax exemption on wine and spirits sold at liquor stores. Thus, the exemption, which was to have ended March 31, 2015, will be extended through June 30, 2015. (Beer and other malt beverages will continue to be subject to the sales and use tax.)

JUNE 2015

- ✦ Legislation is enacted to permanently extend the increases in excise taxes. (The increases were to have ended June 30, 2015.)
- ✦ The legislation also permanently exempts from sales and use tax the sale of wine and spirits sold at liquor stores – “Class A” licensees under Rhode Island General Laws Title 3. (The exemption was to have ended June 30, 2015.) Beer and other malt beverages will continue to be subject to the sales and use tax.

Notes on this report

For 2018, there were 250 active Class A licensees (liquor stores) required to report sales of alcoholic beverages and related tax information to the Division of Taxation. Of those, a total of 209 filed annual reconciliation returns with the Division of Taxation as of April 18, 2019. Thus, approximately 83.6% of licensees filed annual returns with the agency, while approximately 16.4% did not. The Class A licensees that were delinquent in the filing of annual reconciliation returns as of April 18, 2019, make up 12% of total sales activity. Thus, the Division of Taxation is confident that the data contained in this report covers approximately 88% of total sales activity.

For 2018, there were 32 active wholesalers/distributors of alcoholic beverages in Rhode Island. Of those, two were delinquent in filing their annual reconciliation returns as of April 18, 2019. The Division of Taxation has determined that the two that were delinquent in filing their returns would have showed minimal excise tax had they filed. The delinquent filers represented approximately 6.25% of all filers. Furthermore, the delinquent filers make up 0.03% of total sales activity. Thus, the Division of Taxation is confident that the excise tax data contained in this report covers more than 99% of total sales activity.

Alcoholic Beverages

CHAPTER 3-10 Taxation of Beverages

SECTION 3-10-5

§ 3-10-5 Information supplemental to returns – Audit of books. – (a) The tax administrator may at any time request further information from any person or from the officers and employees of any corporation that he or she may deem necessary to verify, explain, or correct any return made in pursuance of the provisions of this chapter, and for the like purpose, the administrator or his or her authorized agent may examine the books of account of that person or corporation during business hours.

(b) Each Class A licensee authorized to sell intoxicating beverages at wholesale or retail in this state shall file an annual report on or before February 1 with the division of taxation in the form required by the tax administrator. Such report shall include, but not be limited to, total sales of alcoholic beverages, sales tax, and excise tax collections on such sales for the immediately preceding calendar year. Annually, on or before May 1, the tax administrator shall prepare and submit to the chairs of the house and senate finance committees a report reflecting data from the annual reports submitted by said licensee to the division of taxation. The tax administrator's report shall compile total sales of alcoholic beverages, sales tax, and excise tax collections by county.

History of Section.

(P.L. 1933, ch. 2013, § 44; G.L. 1938, ch. 167, § 4; impl. am. P.L. 1939, ch. 660, § 70; G.L. 1956, § 3-10-5; P.L. 2012, ch. 241, art. 21, § 15; P.L. 2013, ch. 144, art. 9, § 9; P.L. 2014, ch. 528, § 1.)

Appendix B: Expanded tables

2018 Alcoholic Beverages Sales Tax Report

By County

County -2018	Wine & Spirit Sales	Beer & Malt Sales	Total Alcoholic Beverage Sales	Resale	Interstate	Fed & State	Other Exempt	Wine & Spirits	Total Alcohol Related Deduction	Net taxable Alcoholic Sales	Sales Tax
Bristol	10,587,445.38	3,371,686.42	13,959,131.80	-	-	-	62,945.02	10,587,445.38	10,650,390.40	3,308,741.40	231,611.90
Kent	52,673,713.58	28,632,545.81	81,306,259.39	10,832.19	-	-	55,134.87	52,673,683.58	52,739,650.64	28,566,578.75	1,999,660.51
Newport	25,512,298.77	12,034,365.18	37,546,663.95	48,223.36	-	-	-	25,512,298.77	25,560,522.13	11,986,141.82	839,029.93
Providence	112,520,639.24	63,195,144.28	175,715,783.52	214,181.63	4,253.42	-	58,405.52	112,520,639.24	112,797,479.81	62,918,303.71	4,404,281.26
Washington	43,094,345.85	22,823,402.37	65,917,748.22	38,846.00	34,037.47	-	624.88	43,094,342.85	43,167,851.20	22,749,894.02	1,592,492.58
TOTAL RI	244,388,442.82	130,057,144.06	374,445,586.88	312,083.18	38,290.89	0.00	177,110.29	244,388,409.82	244,915,894.18	129,529,659.70	9,067,076.18

2017 Alcoholic Beverages Sales Tax Report

By County

County	Wine & Spirit Sales	Beer & Malt Sales	Total Alcoholic Beverage Sales	Resale	Interstate	Fed & State	Other Exempt	Wine & Spirits	Total Alcohol Related Deduction	Net taxable Alcoholic Sales	Sales Tax
Bristol	9,767,461.67	4,653,616.59	14,421,078.26	5,482.15	-	-	89,286.89	9,767,461.62	9,862,230.66	4,558,847.60	319,119.33
Kent	48,774,124.97	26,189,057.48	74,963,182.45	11,357.00	7,450.00	-	35,952.32	48,774,124.97	48,828,884.29	26,134,298.16	1,829,400.87
Newport	23,468,014.68	12,046,922.79	35,514,937.47	49.63	-	-	9,283.80	23,468,014.68	23,477,348.11	12,037,589.36	842,631.26
Providence	112,694,761.70	65,210,562.32	177,905,324.02	163,515.65	2,271.40	104,700.00	69,859.69	112,662,668.48	113,003,015.22	64,902,308.80	4,543,161.62
Washington	44,751,021.20	24,025,513.63	68,776,534.83	40,888.27	-	-	1,122.20	44,739,821.67	44,781,832.14	23,994,702.69	1,679,629.19
TOTAL RI	239,455,384.22	132,125,672.81	371,581,057.03	221,292.70	9,721.40	104,700.00	205,504.90	239,412,091.42	239,953,310.42	131,627,746.61	9,213,942.26

2016 Alcoholic Beverage Sales Tax Report

By County

County	Gross Sales - Alcoholic Beverages			2016 Alcoholic Beverage Sales Tax Report							
	Wine & Spirit Sales	Beer & Malt Sales	Total Alcoholic Beverage Sales	Resale	Interstate	Fed & State	Other Exempt	Wine & Spirits	Total Alcohol Related Deduction	Net taxable Alcoholic Sales	Sales Tax
Bristol	10,173,548.36	5,093,850.57	15,267,398.93	0.00	0.00	0.00	82,663.42	10,173,548.36	10,256,211.78	5,011,187.15	350,783.10
Kent	47,608,942.17	26,755,729.60	74,364,671.77	10,634.66	7,252.48	0.00	35,209.40	47,608,942.30	47,662,038.84	26,702,632.93	1,869,184.31
Newport	25,669,323.52	14,495,077.57	40,164,401.09	530,614.85	0.00	0.00	610,900.15	25,106,943.52	26,248,458.52	13,915,942.57	974,115.98
Providence	118,225,114.26	71,842,024.00	190,067,138.26	180,292.40	43,657.76	237,413.58	95,978.06	117,621,616.62	118,178,958.42	71,888,179.84	5,032,172.59
Washington	42,873,386.49	23,020,594.19	65,893,976.68	40,558.49	0.00	0.00	2,068.62	42,873,386.49	42,916,013.60	22,977,963.08	1,608,457.42
TOTAL RI	244,550,314.80	141,207,271.93	385,757,586.73	762,100.40	50,910.24	237,413.58	826,819.65	243,384,437.29	245,261,681.16	140,495,905.57	9,834,713.40

Source: 2016 Alcoholic Beverage Return - Annual Reconciliations by holders of Class A Liquor Licenses (Package Stores)

2015 Alcoholic Beverages Sales Tax Report

By County

County	Gross Sales - Alcoholic Beverages			2015 Alcoholic Beverage Sales Tax Report							
	Wine & Spirit Sales	Beer & Malt Sales	Total Alcoholic Beverage Sales	Resale	Interstate	Fed & State	Other Exempt	Wine & Spirits	Total Alcohol Related Deduction	Net taxable Alcoholic Sales	Sales Tax
Bristol	9,668,511.25	5,080,444.45	14,748,955.70	0.00	0.00	0.00	121,481.28	9,668,511.25	9,789,992.53	4,958,963.17	347,127.42
Kent	49,582,528.25	27,075,895.56	76,658,423.81	10,438.87	3,445.00	0.00	52,966.40	49,582,528.25	49,649,378.52	27,009,045.29	1,890,633.17
Newport	25,986,707.85	13,867,529.73	39,854,237.58	325,921.92	0.00	295,722.15	375,738.14	25,582,410.05	26,579,792.26	13,274,445.32	929,211.17
Providence	114,242,374.42	73,108,359.37	187,350,733.79	85,755.55	58,416.38	94,375.47	91,646.22	114,177,487.27	114,507,680.89	72,843,052.90	5,099,013.70
Washington	38,568,384.52	22,426,984.62	60,995,369.14	33,659.78	3,405.27	0.00	9,928.26	38,558,619.55	38,605,612.86	22,389,756.28	1,567,282.94
TOTAL RI	238,048,506.29	141,559,213.73	379,607,720.02	455,776.12	65,266.65	390,097.62	651,760.30	237,569,556.37	239,132,457.06	140,475,262.96	9,833,268.40

Note: The data on this page is based on the annual returns ("annual reconciliations") as filed with the Division of Taxation by liquor stores. Approximately 16.4% of liquor stores failed to file their returns this year (covering calendar year 2018), compared with 15% last year (covering calendar year 2017). The increase in delinquent filers could have a material effect on the results presented in this report.



Excise tax/import service fee paid by wholesalers/distributors/manufacturers on alcoholic beverages, by county, for calendar year 2018:

	Bristol County	Kent County	Newport County	Providence County	Washington County	TOTAL FEE
DISTILLED SPIRITS	\$ 337,030.19	\$ 1,935,647.21	\$ 895,600.75	\$ 5,263,191.81	\$ 1,605,427.61	\$ 10,036,897.57
LOW PROOF DISTILLED SPIRITS	\$ 4,640.31	\$ 33,255.95	\$ 14,437.31	\$ 62,178.52	\$ 37,627.11	\$ 152,139.20
ETHYL ALCOHOL	\$ 135.69	\$ 1,646.56	\$ 1,372.09	\$ 6,895.70	\$ 1,438.52	\$ 11,488.56
STILL WINE	\$ 167,405.50	\$ 840,847.05	\$ 489,931.54	\$ 1,566,289.02	\$ 756,624.46	\$ 3,821,097.57
SPARKLING WINE	\$ 4,365.44	\$ 20,183.05	\$ 18,056.41	\$ 46,291.04	\$ 21,330.97	\$ 110,226.91
PACKAGED BEER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MALT BEVERAGE BARRELS	\$ 47,051.69	\$ 277,825.24	\$ 149,387.76	\$ 832,239.40	\$ 242,208.77	\$ 1,548,712.86
TOTAL IMPORT FEE	\$ 560,628.82	\$ 3,109,405.06	\$ 1,568,785.86	\$ 7,777,085.49	\$ 2,664,657.44	\$ 15,680,562.67

Excise tax/import service fee paid by wholesalers/distributors/manufacturers on alcoholic beverages, by county, for calendar year 2017:

	Bristol County	Kent County	Newport County	Providence County	Washington County	TOTAL FEE
DISTILLED SPIRITS	\$ 341,245.58	\$ 1,871,324.65	\$ 892,165.79	\$ 5,114,376.86	\$ 1,510,271.82	\$ 9,729,384.70
LOW PROOF DISTILLED SPIRITS	\$ 2,668.69	\$ 20,598.21	\$ 9,222.52	\$ 45,920.46	\$ 17,598.65	\$ 96,008.53
ETHYL ALCOHOL	\$ 393.75	\$ 1,650.51	\$ 1,368.75	\$ 5,886.15	\$ 1,157.88	\$ 10,457.04
STILL WINE	\$ 162,646.52	\$ 830,700.99	\$ 478,878.96	\$ 1,579,500.28	\$ 761,003.88	\$ 3,812,730.63
SPARKLING WINE	\$ 5,971.84	\$ 21,905.22	\$ 28,207.61	\$ 53,412.62	\$ 28,778.53	\$ 138,275.82
PACKAGED BEER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MALT BEVERAGE BARRELS	\$ 232,839.06	\$ 632,151.71	\$ 709,654.94	\$ 1,992,810.89	\$ 801,965.25	\$ 4,369,421.85
TOTAL IMPORT FEE	\$ 745,765.44	\$ 3,378,331.29	\$ 2,119,498.57	\$ 8,791,907.26	\$ 3,120,776.01	\$ 18,156,278.57