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# Sales and Taxation of Alcoholic Beverages

Tax Administrator's Report



State of Rhode Island  
**Division of Taxation**  
DEPARTMENT OF REVENUE

# 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. It is not feasible to audit all of those returns to ensure that they were complete and accurate.

Furthermore, the Division faced challenges outside its control 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.

Approximately 11.69% of liquor stores failed to file their returns this year, and the percentage of delinquent filers this year could have a material effect on the results presented in this report.

# Sales and Taxation of Alcoholic Beverages

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## About This Report

This report, which is required by Rhode Island General Laws § 3-10-5, shows total sales of alcoholic beverages, sales tax collections, and excise tax collections, by county, for Class A licensees in Rhode Island for the 2020 calendar year.

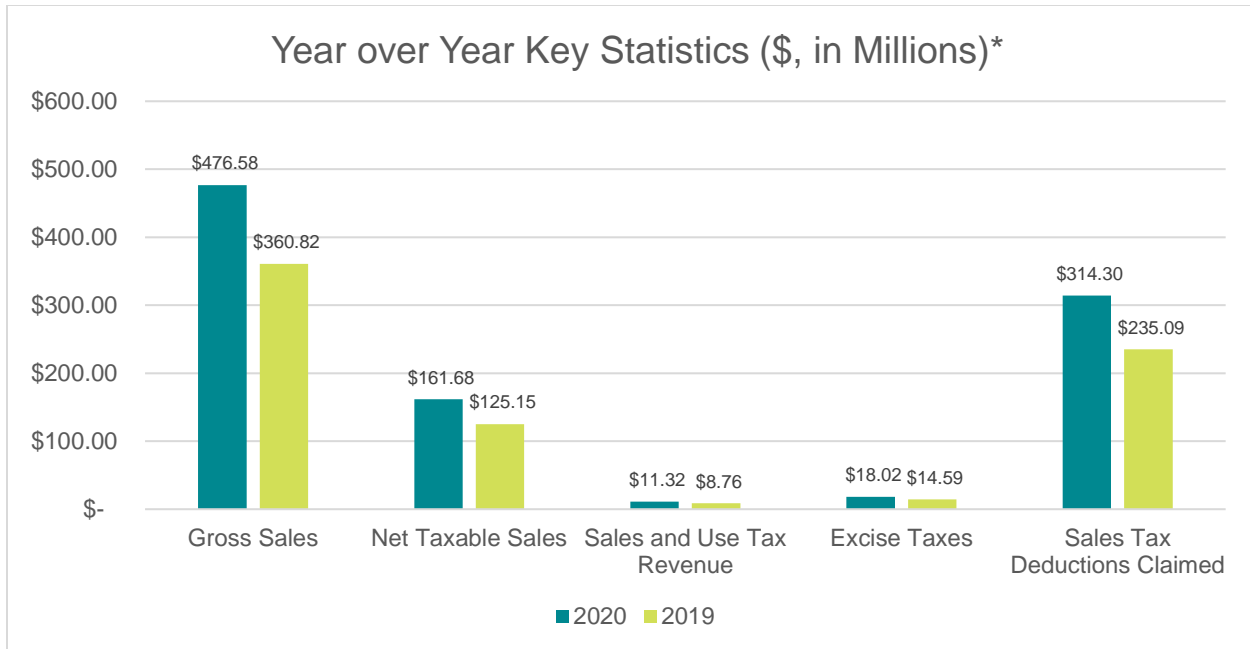
For the 2020 calendar year, there were 248 active Class A licensees – liquor stores – in Rhode Island. Each is required by statute to file an annual sales and use tax return, also known as an annual reconciliation. The returns are due on or before February 1<sup>st</sup> of each year. Based on the information 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 organized into four main sections, containing information responsive to the statutory reporting requirements referenced in Rhode Island General Laws § 3-10-5 as follows:

- 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).
- 4.) Additional information.



\* "Sales Tax Deductions Claimed" means deduction for wine & spirits, which are exempt from sales tax.

## Key Findings

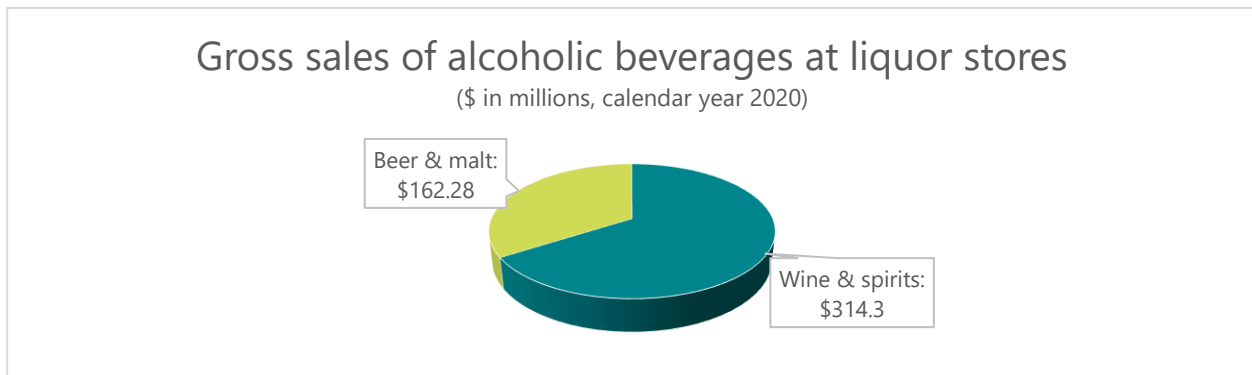
- Gross sales of alcoholic beverages by liquor stores in Rhode Island totaled \$360.82 million in calendar year 2019, compared with \$476.58 million in calendar year 2020, an increase of 32.08%.
- Net taxable sales of alcoholic beverages by liquor stores in Rhode Island – in other words, sales after considering deductions and exemptions, including the exemption for wine and spirits – totaled approximately \$125.15 million in calendar year 2019, compared with \$161.68 million in calendar year 2020, an increase of 29.19%.
- Liquor stores collected and remitted \$11.32 million in sales and use tax in calendar year 2020, compared with \$8.76 million in Rhode Island sales and use tax in calendar year 2019, an increase of 29% (The tax rate for each year was 7%.)
- The Division of Taxation estimates that wholesalers/distributors paid a combined total of approximately \$18.02 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island in calendar year 2020, compared with \$14.59 million in calendar year 2019, an increase of 23.48%.
- Liquor stores claimed, in the aggregate, a sales tax deduction – related to the sales tax exemption for wine and spirits – of \$235.09 million in 2019, compared with \$314.3 million in 2020, an increase of 33.69%.
- 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 \$22 million in sales tax revenue in 2020 related to the sales tax exemption for wine and spirits sold at liquor stores, compared with \$16.46 million in sales tax revenue in 2019 related to the same exemption.

# Alcohol Sales by Liquor Stores

## Section Overview

The Division of Taxation estimates that gross sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2020 totaled approximately \$476.58 million, which represents a 32.08% increase over calendar year 2019.

- Wine and spirit sales accounted for approximately \$314.3 million, approximately 65%, of gross sales of alcoholic beverages by liquor stores in calendar year 2020.
- Beer and malt sales accounted for approximately \$162.28 million, or 35%, of gross sales of alcoholic beverages by liquor stores in calendar year 2020. (Rhode Island’s sales tax exemption applies to wine and spirit sales, not to beer and malt sales.)
- Of the approximately \$476.58 million in gross sales of alcoholic beverages by liquor stores in calendar year 2020, Providence County accounted for the largest portion – approximately \$226.4 million. Bristol County accounted for the smallest portion – approximately \$19.86 million.



| Gross sales of alcoholic beverages by county, by year |                         |                         |                         |               |
|---|-------------------------|-------------------------|-------------------------|---------------|
| County  | 2019                    | 2020                    | \$ Difference           | % Difference  |
| Bristol   | \$16,253,081.18         | \$19,863,347.82         | \$3,610,266.64          | 22.21%        |
| Kent  | \$78,086,928.19         | \$98,241,757.50         | \$20,154,829.31         | 25.81%        |
| Newport   | \$31,466,016.85         | \$47,008,617.35         | \$15,542,600.50         | 49.39%        |
| Providence  | \$172,233,254.22        | \$226,423,668.82        | \$54,190,414.60         | 31.46%        |
| Washington  | \$62,785,057.37         | \$85,042,720.47         | \$22,257,663.10         | 35.45%        |
| <b>Total</b>  | <b>\$360,824,337.81</b> | <b>\$476,580,111.96</b> | <b>\$115,755,774.15</b> | <b>32.08%</b> |

Aggregate amounts for calendar year 2019 and calendar year 2020, 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 2020 totaled approximately \$161.68 million. That represents a 29.19% increase from calendar year 2019. The sales tax exemption for wine and spirits was in force for all of calendar years 2019 and 2020.

| Net taxable sales of alcoholic beverages at liquor stores, by year (dollars in millions) |          |          |              |
|--|----------|----------|--------------|
|  | 2019     | 2020     | % Difference |
| Net taxable sales of alcoholic beverages by liquor stores                                | \$125.15 | \$161.68 | 29.19%       |

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 \$161.68 million in net taxable sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2020, Providence County accounted for the largest portion – approximately \$78.49 million. Bristol County accounted for the smallest portion, approximately \$6.37 million.

| Net taxable sales of alcoholic beverages, by county, by year |                         |                         |                        |               |
|--|-------------------------|-------------------------|------------------------|---------------|
| County   | 2019                    | 2020                    | \$ Difference          | % Difference  |
| Bristol  | \$5,077,486.01          | \$6,366,704.91          | \$1,289,218.90         | 25.39%        |
| Kent   | \$26,948,204.28         | \$34,027,128.16         | \$7,078,923.88         | 26.27%        |
| Newport  | \$11,001,512.30         | \$14,880,160.62         | \$3,878,648.32         | 35.26%        |
| Providence   | \$60,951,227.65         | \$78,486,920.90         | \$17,535,693.25        | 28.77%        |
| Washington   | \$21,169,408.22         | \$27,917,825.36         | \$6,748,417.14         | 31.88%        |
| <b>Total</b>   | <b>\$125,147,838.46</b> | <b>\$161,678,739.95</b> | <b>\$36,530,901.49</b> | <b>29.19%</b> |

Aggregate amounts for calendar year 2019 and calendar year 2020, from unaudited reports by licensees.

# Sales Tax Collections

## Section Overview

Rhode Island liquor stores collected and remitted a total of approximately \$11.32 million in sales tax on their net taxable sales of alcoholic beverages in 2020, compared with \$8.76 million in 2019, an increase of approximately 29.19%.

### Sales tax collected and remitted by liquor stores, by year (dollars in millions)

|   | 2019   | 2020    | % Difference |
|---|--------|---------|--------------|
| Sales tax collected and remitted by liquor stores | \$8.76 | \$11.32 | 29.19%       |

Numbers are for calendar years and are rounded.

By county in 2020, liquor stores in Providence County collected and remitted the most in sales tax, in the aggregate – approximately \$5.49 million. Liquor stores in Bristol County collected the least, in the aggregate – approximately \$445,669.

### Sales tax collected and remitted by liquor stores, by county, by year

| County       | 2019                  | 2020                   | \$ Difference         | % Difference  |
|--------------|-----------------------|------------------------|-----------------------|---------------|
| Bristol      | \$355,424.02          | \$445,669.34           | \$90,245.32           | 25.39%        |
| Kent         | \$1,886,374.30        | \$2,381,898.97         | \$495,524.67          | 26.27%        |
| Newport      | \$770,105.86          | \$1,041,611.24         | \$271,505.38          | 35.26%        |
| Providence   | \$4,266,585.94        | \$5,494,084.46         | \$1,227,498.52        | 28.77%        |
| Washington   | \$1,481,858.58        | \$1,954,247.78         | \$472,389.20          | 31.88%        |
| <b>Total</b> | <b>\$8,760,348.70</b> | <b>\$11,317,511.79</b> | <b>\$2,557,163.09</b> | <b>29.19%</b> |

Aggregate amounts for calendar year 2019 and calendar year 2020, from unaudited reports by licensees.

For both 2019 and 2020, the sales tax exemption for wine and spirits was in effect for the full year.

# Exemption for Wine and Spirits

Legislation enacted on July 3, 2013 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.

Under legislation enacted June 19, 2014, that exemption was extended for three months, through June 30, 2015. Under legislation enacted on June 30, 2015, 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 \$314.3 million in 2020, compared with \$235.09 million for 2019, an increase of approximately 33.69%.

| <b>Sales of wine and spirits, deducted on liquor store sales tax reconciliations, by year</b> (dollars in millions) |          |         |              |
|---|----------|---------|--------------|
|   | 2019     | 2020    | % Difference |
| Sales of wine and spirits, deducted via exemption   | \$235.09 | \$314.3 | 33.69%       |
| Dollar amounts are for calendar years and are rounded.  |          |         |              |

By county in 2020, liquor stores in Providence County in the aggregate claimed the highest deduction for wine and spirits under the wine-and-spirits exemption, at approximately \$147.54 million. Liquor stores in Bristol County in the aggregate had the lowest deduction for wine and spirits, at approximately \$13.49 million.

| <b>Sale of wine and spirits, deducted on liquor store sales tax reconciliations, by county, by year</b> |                         |                         |                        |               |
|---|-------------------------|-------------------------|------------------------|---------------|
| <i>County</i>   | 2019                    | 2020                    | \$ Difference          | % Difference  |
| Bristol   | \$11,115,118.48         | \$13,491,058.58         | \$2,375,940.10         | 21.38%        |
| Kent  | \$51,033,818.63         | \$64,181,271.71         | \$13,147,453.08        | 25.76%        |
| Newport   | \$20,418,186.74         | \$32,047,321.85         | \$11,629,135.11        | 56.95%        |
| Providence  | \$111,004,593.82        | \$147,537,484.69        | \$36,532,890.87        | 32.91%        |
| Washington  | \$41,519,668.76         | \$57,038,852.46         | \$15,519,183.70        | 37.38%        |
| <b>Total</b>  | <b>\$235,091,386.43</b> | <b>\$314,295,989.29</b> | <b>\$79,204,602.86</b> | <b>33.69%</b> |
| Aggregate amounts for calendar year 2019 and calendar year 2020, from unaudited reports by licensees.   |                         |                         |                        |               |



# Forgone Sales Tax Revenue

The Division of Taxation estimates that Rhode Island forfeited approximately \$22.0 million in sales tax revenue because of the sales tax exemption on wine and spirit sales for 2020, compared with \$16.46 million in sales tax revenue in 2019 related to the same exemption.

| Estimate of forgone sales tax revenue, by county, calendar year 2020 |  |   |
|--|--|---|
| <i>County</i>  | <i>Wine and spirit sales deducted on store returns</i> | <i>An estimate of forgone sales tax revenue</i> |
| Bristol  | \$13,491,058.58  | \$944,374.10                                    |
| Kent   | \$64,181,271.71  | \$4,492,689.02                                  |
| Newport  | \$32,047,321.85  | \$2,243,312.53                                  |
| Providence   | \$147,537,484.69                                       | \$10,327,623.93                                 |
| Washington   | \$57,038,852.46  | \$3,992,719.67                                  |
| <b>Total</b>   | <b>\$314,295,989.29</b>                                | <b>\$22,000,719.25</b>                          |

Amounts above are for calendar year 2020.

# Excise Tax

## Section Overview

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

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, 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

For calendar year 2020, wholesalers/distributors paid a combined total of approximately \$18.02 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island. That compares with approximately \$14.59 million in calendar year 2019, an increase of 23.48%.

| Alcoholic beverage excise taxes, 2020 vs. 2019 (dollars in millions) |         |         |            |
|--|---------|---------|------------|
|  | 2019    | 2020    | Difference |
| Excise tax on sales by wholesalers to liquor stores*                 | \$14.59 | \$18.02 | 23.48%     |

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 \$18.02 million in excise tax paid by wholesalers/distributors on alcoholic beverages sold to liquor stores in calendar year 2020, Providence County accounted for the largest portion – approximately \$9.04 million. Bristol County accounted for the smallest portion – approximately \$639,963.

| Alcoholic beverage excise taxes, by county, by year* |                        |                        |                       |               |
|--|------------------------|------------------------|-----------------------|---------------|
| County   | 2019                   | 2020                   | \$ Difference         | % Difference  |
| Bristol  | \$595,433.76           | \$639,963.52           | \$44,529.76           | 7.48%         |
| Kent   | \$2,823,504.12         | \$3,769,760.37         | \$946,256.25          | 33.51%        |
| Newport  | \$1,353,082.39         | \$1,644,584.10         | \$291,501.71          | 21.54%        |
| Providence   | \$7,434,127.71         | \$9,038,914.81         | \$1,604,787.10        | 21.59%        |
| Washington   | \$2,386,341.71         | \$2,925,899.03         | \$539,557.32          | 22.61%        |
| Total:   | <b>\$14,592,489.69</b> | <b>\$18,019,121.83</b> | <b>\$3,426,632.14</b> | <b>23.48%</b> |

Dollar amounts are 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.

# Additional information

Set forth in this section is a computation for determining whether the forfeited amount in sales tax revenue for the 2020 calendar year has been offset by any increase in excise tax for the same year.

To understand the computation, it is important to recall that excise taxes on certain categories of alcoholic beverages increased effective July 1, 2013 – five months before the sales tax exemption for wine and spirits took effect. The excise tax increase, which is still in effect today, applied to three categories of alcoholic beverages:

- Still wines (not made from fruit grown in Rhode Island);
- Whiskey and other distilled spirits; and
- Malt beverages, including beer.

For the computation, covering the 2020 calendar year, the Division performed two separate calculations:

- 1.) The number of gallons for each of the three categories listed above times the “old” excise tax rate (i.e., the rate in effect prior to July 1, 2013) to determine the total excise tax revenue based on the “old” rate.
- 2.) The number of gallons for each of the three categories listed above times the “new” excise tax rate (i.e., the rate in effect on and after July 1, 2013) to determine the total excise tax revenue based on the “new” rate.

The difference between steps 1 and 2 above, for each of the affected categories, is known as the variance. For the 2020 calendar year, the variance in the aggregate was \$7,390,247.10, or approximately \$7.39 million. Thus, the Division has determined that the approximately \$22.0 million in sales tax revenue forfeited in 2020 because of the sales tax exemption on wine and spirit sales was only partially offset by the approximately \$7.39 million increase (or “variance”) in excise tax revenue attributable solely to the difference between the old excise tax rates and the new (and higher) excise tax rates on the three specific categories of alcoholic beverages.

## Net loss in revenue

Put another way, the net loss in revenue resulting from the sales tax exemption for wine and spirits in calendar year 2020 was approximately \$14.61 million:

- \$22.0 million in sales tax revenue forfeited, less the \$7.39 million variance, equals \$14.61 million.

*Data for the computation is shown in the table below. (Note that the table computes the tax for five categories of alcoholic beverages, including the three categories for which the excise tax rate increased.)*

| PERIOD | Description                       | LOW PROOF        |               |                 |               |                 | Totals           | Variance        |
|--------|-----------------------------------|------------------|---------------|-----------------|---------------|-----------------|------------------|-----------------|
|        |                                   | SPIRITS          | SPIRITS       | STILL           | SPARK         | MALT            |                  |                 |
| 2020   | <b>Total Gallons</b>              | 2,638,668.96     | 285,378.02    | 3,659,184.57    | 203,223.71    | 16,529,645.94   |                  |                 |
|        | <b>Old Rate</b>                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | <b>Tax Based on Old Rate</b>      | \$ 9,895,008.59  | \$ 313,915.82 | \$ 2,195,510.74 | \$ 152,417.78 | \$ 1,598,416.76 | \$ 14,155,269.70 |                 |
|        | <b>New Rate</b>                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | <b>Tax Based on New Rate Rate</b> | \$ 14,248,812.36 | \$ 313,915.82 | \$ 5,122,858.40 | \$ 152,417.78 | \$ 1,707,512.43 | \$ 21,545,516.80 | \$ 7,390,247.10 |

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## Notes on report

For 2020, there were 248 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 219 filed annual reconciliation returns with the Division of Taxation as of April 9, 2021, while 29 did not. Thus, approximately 88.3% of licensees filed annual returns with the agency, while approximately 11.7% did not. The Class A licensees that were delinquent in the filing of annual reconciliation returns as of April 9, 2021, make up less than 7% of total sales activity. Thus, the Division of Taxation is confident that the data contained in this report covers more than 93% of total sales activity.

For 2020, there were 35 active wholesalers/distributors of alcoholic beverages in Rhode Island. Of those, 29 filed annual reconciliation returns with the Division as of April 9, 2021, while six did not. Thus, the filing rate was approximately 82.9% and the delinquency rate approximately 17.1%. The Division of Taxation has determined that the six that were delinquent in filing their returns would have showed minimal excise tax had they filed. Furthermore, the delinquent filers make up 1.36% of total sales activity. Thus, the Division of Taxation is confident that the excise tax data contained in this report covers 98.64% of total sales activity.

# Appendix

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Statutory Reference

Timeline

Expanded Tables

# Statutory Reference

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## 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.)

# Timeline

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## 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 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.

# Expanded Tables

## Alcoholic Beverages Sales Tax Reports

2020 alcoholic beverages sales tax report (by county):

| County -2020    | 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         | 13,491,058.58       | 6,372,289.24      | \$ 19,863,347.82               | -             | -            | -           | 5,584.33     | \$ 13,491,058.58  | \$ 13,496,642.91                | \$ 6,366,704.91             | \$ 445,669.34    |
| Kent            | 64,181,271.71       | 34,060,485.79     | \$ 98,241,757.50               | 13,198.11     | 10,002.00    | -           | 10,157.52    | \$ 64,181,271.71  | \$ 64,214,629.34                | \$ 34,027,128.16            | \$ 2,381,898.97  |
| Newport         | 32,047,321.85       | 14,961,295.50     | \$ 47,008,617.35               | 81,134.88     | -            | -           | -            | \$ 32,047,321.85  | \$ 32,128,456.73                | \$ 14,880,160.62            | \$ 1,041,611.24  |
| Providence      | 147,537,484.69      | 78,886,184.13     | \$ 226,423,668.82              | 355,480.56    | 3,942.00     | -           | 39,840.67    | \$ 147,537,484.69 | \$ 147,936,747.92               | \$ 78,486,920.90            | \$ 5,494,084.46  |
| Washington      | 57,038,852.46       | 28,003,868.01     | \$ 85,042,720.47               | 66,745.48     | -            | -           | 19,297.17    | \$ 57,038,852.46  | \$ 57,124,895.11                | \$ 27,917,825.36            | \$ 1,954,247.78  |
| <b>TOTAL RI</b> | \$ 314,295,989.29   | \$ 162,284,122.67 | \$ 476,580,111.96              | \$ 516,559.03 | \$ 13,944.00 | \$ -        | \$ 74,879.69 | \$ 314,295,989.29 | \$ 314,901,372.01               | \$ 161,678,739.95           | \$ 11,317,511.80 |

2019 alcoholic beverages sales tax report (by county):

| County 2019     | 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         | \$ 11,115,118.48    | \$ 5,137,962.70   | \$ 16,253,081.18               | \$ -          | \$ -          | \$ -         | \$ 60,476.69  | \$ 11,115,118.48  | \$ 11,175,595.17                | \$ 5,077,486.01             | \$ 355,424.02   |
| Kent            | \$ 51,033,818.63    | \$ 27,053,109.56  | \$ 78,086,928.19               | \$ 21,628.50  | \$ 51,970.00  | \$ -         | \$ 31,306.78  | \$ 51,033,818.63  | \$ 51,138,723.91                | \$ 26,948,204.28            | \$ 1,886,374.30 |
| Newport         | \$ 20,418,186.74    | \$ 11,047,830.11  | \$ 31,466,016.85               | \$ 46,317.81  | \$ -          | \$ -         | \$ -          | \$ 20,418,186.74  | \$ 20,464,504.55                | \$ 11,001,512.30            | \$ 770,105.86   |
| Providence      | \$ 111,004,593.82   | \$ 61,228,660.40  | \$ 172,233,254.22              | \$ 154,406.73 | \$ 83,028.00  | \$ -         | \$ 39,998.02  | \$ 111,004,593.82 | \$ 111,282,026.57               | \$ 60,951,227.65            | \$ 4,266,585.94 |
| Washington      | \$ 41,519,668.76    | \$ 21,265,388.61  | \$ 62,785,057.37               | \$ 48,444.07  | \$ -          | \$ 30,594.85 | \$ 16,941.47  | \$ 41,519,668.76  | \$ 41,615,649.15                | \$ 21,169,408.22            | \$ 1,481,858.58 |
| <b>TOTAL RI</b> | \$ 235,091,386.43   | \$ 125,732,951.38 | \$ 360,824,337.81              | \$ 270,797.11 | \$ 134,998.00 | \$ 30,594.85 | \$ 148,722.96 | \$ 235,091,386.43 | \$ 235,676,499.35               | \$ 125,147,838.46           | \$ 8,760,348.69 |

**Note:** The data on this page is based on the unaudited annual returns ("annual reconciliations") as filed with the Division of Taxation by liquor stores.

# Excise Tax/Import Service Fees

Excise tax/import service fee paid by wholesalers/distributors/manufacturers on alcoholic beverages, by county, for calendar year 2020:

|                             | Bristol County       | Kent County            | Newport County         | Providence County      | Washington County      | TOTAL FEE               |
|-----------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| DISTILLED SPIRITS           | \$ 386,365.29        | \$ 2,355,911.23        | \$ 968,169.06          | \$ 6,201,182.25        | \$ 1,752,749.42        | \$ 11,664,377.25        |
| LOW PROOF DISTILLED SPIRITS | \$ 11,865.42         | \$ 73,990.33           | \$ 34,513.89           | \$ 141,898.20          | \$ 83,383.99           | \$ 345,651.83           |
| ETHYL ALCOHOL               | \$ 448.81            | \$ 2,847.38            | \$ 2,651.05            | \$ 9,057.34            | \$ 1,310.99            | \$ 16,315.57            |
| STILL WINE                  | \$ 190,141.15        | \$ 1,026,764.67        | \$ 484,268.36          | \$ 1,837,652.24        | \$ 830,729.50          | \$ 4,369,555.92         |
| SPARKLING WINE              | \$ 4,714.97          | \$ 24,579.54           | \$ 15,087.93           | \$ 50,052.64           | \$ 18,855.11           | \$ 113,290.19           |
| PACKAGED BEER               | \$ -                 | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                    |
| MALT BEVERAGE BARRELS       | \$ 46,427.88         | \$ 285,667.22          | \$ 139,893.81          | \$ 799,072.14          | \$ 238,870.02          | \$ 1,509,931.07         |
| <b>TOTAL IMPORT FEE</b>     | <b>\$ 639,963.52</b> | <b>\$ 3,769,760.37</b> | <b>\$ 1,644,584.10</b> | <b>\$ 9,038,914.81</b> | <b>\$ 2,925,899.03</b> | <b>\$ 18,019,121.83</b> |

Excise tax/import service fee paid by wholesalers/distributors/manufacturers on alcoholic beverages, by county, for calendar year 2019:

|                             | Bristol County       | Kent County            | Newport County         | Providence County      | Washington County      | TOTAL FEE               |
|-----------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|
| DISTILLED SPIRITS           | \$ 376,279.63        | \$ 1,811,123.59        | \$ 800,025.37          | \$ 5,143,791.95        | \$ 1,475,995.61        | \$ 9,607,216.15         |
| LOW PROOF DISTILLED SPIRITS | \$ 7,366.16          | \$ 44,472.52           | \$ 17,677.91           | \$ 86,580.52           | \$ 56,250.03           | \$ 212,347.14           |
| ETHYL ALCOHOL               | \$ 163.75            | \$ 1,634.97            | \$ 747.70              | \$ 5,517.51            | \$ 1,927.67            | \$ 9,991.60             |
| STILL WINE                  | \$ 164,111.48        | \$ 699,815.92          | \$ 395,948.94          | \$ 1,419,937.10        | \$ 626,776.25          | \$ 3,306,589.69         |
| SPARKLING WINE              | \$ 4,780.18          | \$ 17,297.48           | \$ 14,644.78           | \$ 39,469.70           | \$ 13,320.20           | \$ 89,512.34            |
| PACKAGED BEER               | \$ -                 | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                    |
| MALT BEVERAGE BARRELS       | \$ 42,732.56         | \$ 249,159.64          | \$ 124,037.69          | \$ 738,830.93          | \$ 212,071.95          | \$ 1,366,832.77         |
| <b>TOTAL IMPORT FEE</b>     | <b>\$ 595,433.76</b> | <b>\$ 2,823,504.12</b> | <b>\$ 1,353,082.39</b> | <b>\$ 7,434,127.71</b> | <b>\$ 2,386,341.71</b> | <b>\$ 14,592,489.69</b> |

# Variance Tables

Variance tables for calendar years 2014 through 2020:

| PERIOD | Description                | LOW PROOF        |               |                 |               |                 | Totals           | Variance        |
|--------|----------------------------|------------------|---------------|-----------------|---------------|-----------------|------------------|-----------------|
|        |                            | SPIRITS          | SPIRITS       | STILL           | SPARK         | MALT            |                  |                 |
| 2014   | Total Gallons              | 1,957,455.80     | 86,574.30     | 3,491,744.55    | 119,867.83    | 19,798,682.44   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 7,340,459.26  | \$ 95,231.73  | \$ 2,095,046.73 | \$ 89,900.87  | \$ 1,914,532.59 | \$ 11,535,171.18 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 10,570,261.33 | \$ 95,231.73  | \$ 4,888,442.37 | \$ 89,900.87  | \$ 2,045,203.90 | \$ 17,689,040.20 | \$ 6,153,869.02 |
| 2015   | Total Gallons              | 2,021,782.13     | 108,635.37    | 3,718,288.36    | 138,780.17    | 19,075,119.21   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 7,581,682.99  | \$ 119,498.90 | \$ 2,230,973.02 | \$ 104,085.13 | \$ 1,844,564.03 | \$ 11,880,804.07 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 10,917,623.51 | \$ 119,498.90 | \$ 5,205,603.71 | \$ 104,085.13 | \$ 1,970,459.81 | \$ 18,317,271.07 | \$ 6,436,466.99 |
| 2016   | Total Gallons              | 2,190,189.64     | 107,677.43    | 4,039,968.66    | 184,726.36    | 18,698,213.66   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 8,213,211.15  | \$ 118,445.17 | \$ 2,423,981.20 | \$ 138,544.77 | \$ 1,808,117.26 | \$ 12,702,299.55 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 11,827,024.06 | \$ 118,445.17 | \$ 5,655,956.12 | \$ 138,544.77 | \$ 1,931,525.47 | \$ 19,671,495.59 | \$ 6,969,196.04 |
| 2017   | Total Gallons              | 1,975,358.99     | 101,412.44    | 3,455,165.52    | 169,061.31    | 16,122,758.71   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 7,407,596.21  | \$ 111,553.68 | \$ 2,073,099.31 | \$ 126,795.98 | \$ 1,559,070.77 | \$ 11,278,115.96 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 10,666,938.55 | \$ 111,553.68 | \$ 4,837,231.73 | \$ 126,795.98 | \$ 1,665,480.97 | \$ 17,408,000.92 | \$ 6,129,884.96 |
| 2018   | Total Gallons              | 2,382,028.34     | 150,470.33    | 3,766,254.59    | 200,234.94    | 18,105,014.63   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 8,932,606.28  | \$ 165,517.36 | \$ 2,259,752.75 | \$ 150,176.21 | \$ 1,750,754.91 | \$ 13,258,807.51 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 12,862,953.04 | \$ 165,517.36 | \$ 5,272,756.43 | \$ 150,176.21 | \$ 1,870,248.01 | \$ 20,321,651.04 | \$ 7,062,843.53 |
| 2019   | Total Gallons              | 2,383,227.88     | 163,690.79    | 3,665,137.19    | 197,921.88    | 17,422,465.34   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 8,937,104.57  | \$ 180,059.87 | \$ 2,199,082.31 | \$ 148,441.41 | \$ 1,684,752.40 | \$ 13,149,440.56 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 12,869,430.57 | \$ 180,059.87 | \$ 5,131,192.07 | \$ 148,441.41 | \$ 1,799,740.67 | \$ 20,128,864.59 | \$ 6,979,424.03 |
| 2020   | Total Gallons              | 2,638,668.96     | 285,378.02    | 3,659,184.57    | 203,223.71    | 16,529,645.94   |                  |                 |
|        | Old Rate                   | \$ 3.75          | \$ 1.10       | \$ 0.60         | \$ 0.75       | \$ 0.0967       |                  |                 |
|        | Tax Based on Old Rate      | \$ 9,895,008.59  | \$ 313,915.82 | \$ 2,195,510.74 | \$ 152,417.78 | \$ 1,598,416.76 | \$ 14,155,269.70 |                 |
|        | New Rate                   | \$ 5.40          | \$ 1.10       | \$ 1.40         | \$ 0.75       | \$ 0.1033       |                  |                 |
|        | Tax Based on New Rate Rate | \$ 14,248,812.36 | \$ 313,915.82 | \$ 5,122,858.40 | \$ 152,417.78 | \$ 1,707,512.43 | \$ 21,545,516.80 | \$ 7,390,247.10 |