

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 78

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Version: As introduced

Authors: Kahn and others

Subject: Alcohol beverage taxation - low alcohol dairy cocktails

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Overview

This bill provides a special alcoholic beverage excise tax rate of 2 cents per liter for pre-mixed cocktails, consisting primarily of milk products. This rate is equivalent to the tax rate on 3.2 beer. Under present law, these products are subject to tax at the rate applicable to distilled spirits (\$1.33/liter), although the amount of alcohol is less than 3.2 percent.

Section

- 1 Definition, low-alcohol dairy cocktails.** Defines low-alcohol dairy cocktails as beverages or products that primarily consist of milk products and contain distilled spirits. The amount of alcohol may not exceed 3.2 percent by volume. This definition is intended to cover ice cream containing liquor. It would also include pre-mixed cocktails using milk or milk products as the mix.
- 2 Tax rate; low-alcohol dairy cocktails.** Provides that a rate of 2 cents per liter applies to low-alcohol dairy cocktails. This has the effect of taxing these products at about the rate that applies to 3.2 beer. Under present law, the full rate that applies to distilled spirits would apply to these products (i.e., \$1.33 per liter).

Effective date: Sales made after June 30, 2003.