



HOUSE BILL 995: Hard Cider/Revise Excise Tax Rate.

2019-2020 General Assembly

Committee:	House Alcoholic Beverage Control. If favorable, re-refer to Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 21, 2019
Introduced by:	Rep. McGrady	Prepared by:	Chris Saunders
Analysis of:	First Edition		Committee Counsel

OVERVIEW: *House Bill 995 would treat hard cider the same as malt beverages, rather than unfortified wine, for the purpose of excise taxation.*

CURRENT LAW: Under current law, the Alcoholic Beverage Control Commission and the Department of Revenue regulate alcoholic cider as unfortified wine. Unfortified wine is defined as "any wine of sixteen percent (16%) or less alcohol by volume made by fermentation from grapes, fruits, berries, rice, or honey; or by the addition of pure cane, beet, or dextrose sugar; or by the addition of pure brandy from the same type of grape, fruit, berry, rice, or honey that is contained in the base wine and produced in accordance with the regulations of the United States."

Under current law, the excise tax rate for malt beverages is 61.71 cents per gallon, and the excise tax rate for unfortified wine is 26.34 cents per liter (about 99.71 cents per gallon). The excise taxes collected each year from the sale of malt beverages and wine are distributed to the counties or cities in which the retail sale of those beverages is authorized are to be distributed as follows:

- 20.47% of the tax on malt beverages is distributed to the local governments where retail sale of malt beverages is authorized.
- 49.44% of the tax on unfortified wine is distributed to the local governments where retail sale of unfortified wine is authorized.

If malt beverages or unfortified wine may be sold both in a county and a city located in the county, both the county and city receive a portion of the amount distributed, to be determined on the basis of population.

BILL ANALYSIS:

Section 1 of House Bill 995 would define hard cider as a wine that meets all of the following requirements:

- Contains not more than sixty-four hundredths (0.64) of a gram of carbon dioxide per hundred milliliters of wine.
- Is derived primarily from (i) apples or pears or (ii) water and apple juice concentrate or pear juice concentrate.
- Contains no fruit product or fruit flavoring other than apples, pears, or apple or pear juice concentrate.

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- Contains between 0.5% and 8.50% alcohol by volume.

Section 2 would provide that the excise tax on hard cider is the 61.71 cent per gallon tax levied on the sale of malt beverages.

Section 3 would provide that 20.47% of the tax collected on the sale of hard cider must be distributed to local governments where the sale of malt beverages is allowed, rather than the 49.44% for unfortified wine.

Section 4 would make conforming changes regarding payment of excise taxes. This act would not limit the ability of a wine shipper permittee to ship hard cider directly to consumers, but the excise tax rate levied on the hard cider would still be the same as the excise tax rate levied on malt beverages.

EFFECTIVE DATE: This act would become effective October 1, 2019, and would apply to hard cider sold on or after that date.