



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, 2020

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 2019 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 10% of liquor stores failed to file their returns this year. While that is an improvement compared with last year’s delinquency rate of approximately 16%, the percentage of delinquent filers this year could nonetheless have a material effect on the results presented in this report.

Summary of findings

Following is a summary of the findings of this report.

Summary of findings (dollars in millions)			
	2018	2019	Difference
Gross sales of alcoholic beverages by liquor stores	\$374.45	\$360.82	-3.64%
Net taxable sales of alcoholic beverages by liquor stores	\$129.53	\$125.15	-3.38%
Sales tax collected and remitted by liquor stores	\$9.07	\$8.76	-3.38%
Sales of wine and spirits, deducted via exemption*	\$244.39	\$235.09	-3.81%
Excise tax on sales by wholesalers to liquor stores**	\$15.68	\$14.59	-6.94%

Numbers are rounded and are for calendar year.
* Sales of wine and spirits, deducted on liquor store sales tax reconciliations, by year. (Wine and spirits sold at liquor stores in Rhode Island were exempt from Rhode Island 7% sales and use tax for 2018 and 2019 calendar years.)
** Wholesalers/distributors pay excise tax on alcoholic beverages they sell, net of inventory, to liquor stores.

² Dollar amounts and percentages throughout this report are subject to rounding.

³ For purposes of this report, the Division stopped tallying and vetting data on April 13, 2020.

- Gross sales of alcoholic beverages by liquor stores in Rhode Island totaled \$360.82 million in calendar year 2019, compared with \$374.45 million in calendar year 2018, a decrease of 3.64%.
- 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 \$129.53 million in calendar year 2018, a decrease of 3.38%.
- Liquor stores collected and remitted \$8.76 million in Rhode Island sales and use tax in calendar year 2019, compared with \$9.07 million in calendar year 2018, a decrease of 3.38%. (The tax rate for each year was 7%.)
- The Division of Taxation estimates that wholesalers/distributors paid a combined total of approximately \$14.59 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island in calendar year 2019, compared with \$15.68 million in calendar year 2018, a decrease of 6.94%.

Estimates

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 \$244.39 million in 2018.

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 \$16.46 million in sales tax revenue in 2019 related to the sales tax exemption for wine and spirits sold at liquor stores, compared with \$17.11 million in sales tax revenue in 2018 related to the same exemption.

Scope of report

There are 234 active Class A licensees – liquor stores⁴ – in Rhode Island.⁵ Each is required by statute to file an annual sales and use tax return, known as an annual reconciliation.⁶ The returns are due on or before February 1 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.

⁴ Liquor stores are also known as “package stores.”

⁵ 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.

⁶ Rhode Island General Laws § 3-10-5(b).

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 includes four main 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).
- 4.) Additional information.

(The appendices also 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 2019 totaled approximately \$360.82 million, which represents a 3.64% decline from calendar year 2018.⁷

Gross sales of alcoholic beverages, statewide, by year (dollars in millions)			
	2018	2019	Difference
Gross sales of alcoholic beverages by liquor stores	\$374.45	\$360.82	-3.64%

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 \$235.09 million, or 65.15%, of gross sales of alcoholic beverages by liquor stores in calendar year 2019.
- Beer and malt sales accounted for approximately \$125.73 million, or 34.85%, of gross sales of alcoholic beverages by liquor stores in calendar year 2019. (Rhode Island's sales tax exemption applies to wine and spirit sales, not to beer and malt sales.)



⁷ Approximately 10% of liquor stores failed to file their returns this year. The delinquency rate could have a material effect on the results presented in this report.

Of the approximately \$360.82 million in gross sales of alcoholic beverages by liquor stores in calendar year 2019, Providence County accounted for the largest portion – approximately \$172.23 million. Bristol County accounted for the smallest portion – approximately \$16.25 million.

Gross sales of alcoholic beverages by county, by year				
County	2018	2019	\$ Difference	% Difference
Bristol	\$13,959,131.80	\$16,253,081.18	\$2,293,949.38	16.43%
Kent	\$81,306,259.39	\$78,086,928.19	-\$3,219,331.20	-3.96%
Newport	\$37,546,663.95	\$31,466,016.85	-\$6,080,647.10	-16.19%
Providence	\$175,715,783.52	\$172,233,254.22	-\$3,482,529.30	-1.98%
Washington	\$65,917,748.22	\$62,785,057.37	-\$3,132,690.85	-4.75%
Total	\$374,445,586.88	\$360,824,337.81	-\$13,621,249.07	-3.64%

Aggregate amounts for calendar year 2018 and calendar year 2019, 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 2019 totaled approximately \$125.15 million.⁸ That represents a 3.38% decrease from calendar year 2018. The sales tax exemption for wine and spirits was in force for all of calendar years 2018 and 2019.

Net taxable sales of alcoholic beverages at liquor stores, by year (dollars in millions)			
	2018	2019	Difference
Net taxable sales of alcoholic beverages by liquor stores	\$129.53	\$125.15	-3.38%

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.

⁸ "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 2018 and 2019.)

Of the \$125.15 million in net taxable sales of alcoholic beverages at liquor stores in Rhode Island in calendar year 2019, Providence County accounted for the largest portion – approximately \$60.95 million. Bristol County accounted for the smallest portion, approximately \$5.08 million.

Net taxable sales of alcoholic beverages, by county, by year				
<i>County</i>	2018	2019	\$ Difference	% Difference
Bristol	\$3,308,741.40	\$5,077,486.01	\$1,768,744.61	53.46%
Kent	\$28,566,578.75	\$26,948,204.28	-\$1,618,374.47	-5.67%
Newport	\$11,986,141.82	\$11,001,512.30	-\$984,629.52	-8.21%
Providence	\$62,918,303.71	\$60,951,227.65	-\$1,967,076.06	-3.13%
Washington	\$22,749,894.02	\$21,169,408.22	-\$1,580,485.80	-6.95%
Total	\$129,529,659.70	\$125,147,838.46	-\$4,381,821.24	-3.38%

Aggregate amounts for calendar year 2018 and calendar year 2019, from unaudited reports by licensees.

2.) Sales tax collections

Rhode Island liquor stores collected and remitted a total of approximately \$8.76 million in sales tax on their net taxable sales of alcoholic beverages in 2019, compared with \$9.07 million in 2018, a decrease of 3.38%.⁹

Sales tax collected and remitted by liquor stores, by year (dollars in millions)			
	2018	2019	Difference
Sales tax collected and remitted by liquor stores	\$9.07	\$8.76	-3.38%
Numbers are for calendar years and are rounded.			

By county in 2019, liquor stores in Providence County collected and remitted the most in sales tax, in the aggregate – approximately \$4.3 million. Liquor stores in Bristol County collected the least, in the aggregate – approximately \$355,424.

Sales tax collected and remitted by liquor stores, by county, by year				
County	2018	2019	\$ Difference	% Difference
Bristol	\$231,611.90	\$355,424.02	\$123,812.12	53.46%
Kent	\$1,999,660.51	\$1,886,374.30	-\$113,286.21	-5.67%
Newport	\$839,029.93	\$770,105.86	-\$68,924.07	-8.21%
Providence	\$4,404,281.26	\$4,266,585.94	-\$137,695.32	-3.13%
Washington	\$1,592,492.58	\$1,481,858.58	-\$110,634.00	-6.95%
Total	\$9,067,076.18	\$8,760,348.69	-\$306,727.49	-3.38%
Aggregate amounts for calendar year 2018 and calendar year 2019, from unaudited reports by licensees.				

For both 2018 and 2019, the sales tax exemption for wine and spirits was in effect for the full year.

⁹ Approximately 10% of liquor stores failed to file their returns this year. The delinquencies could have a material effect on the results presented in this report.

Exemption for wine, spirits

Legislation enacted on July 3, 2013,¹⁰ 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, 2014,¹¹ that exemption was extended for three months, through June 30, 2015. Under legislation enacted on June 30, 2015,¹² 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 \$235.09 million for 2019, compared with \$244.39 million for 2018, a decrease of approximately 3.81%.

Sales of wine and spirits, deducted on liquor store sales tax reconciliations, by year (dollars in millions)			
	2018	2019	Difference
Sales of wine and spirits, deducted via exemption	\$244.39	\$235.09	-3.81%
Dollar amounts are for calendar years and are rounded.			

By county in 2019, liquor stores in Providence County in the aggregate claimed the highest deduction for wine and spirits under the wine-and-spirits exemption, at approximately \$111 million. Liquor stores in Bristol County in the aggregate had the lowest deduction for wine and spirits, at approximately \$11.12 million.

Sale of wine and spirits, deducted on liquor store sales tax reconciliations, by county, by year				
County	2018	2019	\$ Difference	% Difference
Bristol	\$10,587,445.38	\$11,115,118.48	\$527,673.10	4.98%
Kent	\$52,673,713.58	\$51,033,818.63	-\$1,639,894.95	-3.11%
Newport	\$25,512,298.77	\$20,418,186.74	-\$5,094,112.03	-19.97%
Providence	\$112,520,639.24	\$111,004,593.82	-\$1,516,045.42	-1.35%
Washington	\$43,094,345.85	\$41,519,668.76	-\$1,574,677.09	-3.65%
Total	\$244,388,442.82	\$235,091,386.43	-\$9,297,056.39	-3.80%
Aggregate amounts for calendar year 2018 and calendar year 2019, from unaudited reports by licensees.				

¹⁰ 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 legislation enacted in 2013 also stated that alcoholic beverages "shall not be subject to minimum markup" from December 1, 2013, through March 31, 2015.

¹¹ Rhode Island Public Law 2014, ch. 145, art. 12, § 9.

¹² Rhode Island Public Law 2015, ch. 141, art. 11, § 7.

Forgone sales tax revenue

The Division of Taxation estimates that Rhode Island forfeited approximately \$16.46 million in sales tax revenue because of the sales tax exemption on wine and spirit sales for 2019, compared with \$17.11 million in sales tax revenue in 2018 related to the same exemption.

Estimate of forgone sales tax revenue, by county, calendar year 2019		
County	Wine and spirit sales deducted on store returns	An estimate of forgone sales tax revenue
Bristol	\$11,115,118.48	\$778,058.29
Kent	\$51,033,818.63	\$3,572,367.30
Newport	\$20,418,186.74	\$1,429,273.07
Providence	\$111,004,593.82	\$7,770,321.57
Washington	\$41,519,668.76	\$2,906,376.81
Total	\$235,091,386.43	\$16,456,397.05

Amounts above are for calendar year 2019.

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.¹³

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, 2015,¹⁴ 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.

¹³ 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.”

¹⁴ Rhode Island Public Law 2015, ch. 141, art. 11, § 8. See Rhode Island General Laws § 3-10-1.

For calendar year 2019, wholesalers/distributors paid a combined total of approximately \$14.59 million in Rhode Island excise tax on alcoholic beverages they sold, net of inventory, to liquor stores in Rhode Island.¹⁵ That compares with approximately \$15.68 million in calendar year 2018, a decrease of 6.94%.

Alcoholic beverage excise taxes, 2019 vs. 2018 (dollars in millions)			
	2018	2019	Difference
Excise tax on sales by wholesalers to liquor stores*	\$15.68	\$14.59	-6.94%

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 \$14.59 million in excise tax paid by wholesalers/distributors on alcoholic beverages sold to liquor stores in calendar year 2019, Providence County accounted for the largest portion – approximately \$7.43 million. Bristol County accounted for the smallest portion – approximately \$595,434.

Alcoholic beverage excise taxes, by county, by year*				
County	2018	2019	\$ Difference	% Difference
Bristol	\$560,628.82	\$595,433.76	\$34,804.94	6.21%
Kent	\$3,109,405.06	\$2,823,504.12	-\$285,900.94	-9.19%
Newport	\$1,568,785.86	\$1,353,082.39	-\$215,703.47	-13.75%
Providence	\$7,777,085.49	\$7,434,127.71	-\$342,957.78	-4.41%
Washington	\$2,664,657.44	\$2,386,341.71	-\$278,315.73	-10.44%
Total:	\$15,680,562.67	\$14,592,489.69	-\$1,088,072.98	-6.94%

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.

¹⁵ 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.



4.) Additional information

As previously noted, the Division of Taxation estimates that Rhode Island forfeited approximately \$16.46 million in sales tax revenue because of the sales tax exemption on wine and spirit sales for 2019, compared with \$17.11 million in sales tax revenue in 2018 related to the same exemption.

In the Division's previous annual reports on the sales and taxation of alcoholic beverages, the Division attempted to determine whether the estimated forfeited amount in sales tax revenue due to the exemption on wine and spirit sales for a given calendar year was offset by an increase in excise tax revenue for the same year. To make that determination, the Division computed the difference in overall excise tax revenue from one year to the next.

New for this year's report, the Division has settled upon the use of a different computation, one which the Division believes is more precise and more meaningful for purposes of computing whether the forfeited amount in sales tax revenue has been offset by any increase in excise tax for the same year.

To understand the new 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.

Under the new computation, covering the 2019 calendar year, the Division has 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 2019 calendar year, the variance in the aggregate was \$6,979,424.03 – in other words, approximately \$6.98 million.

Thus, the Division has determined that the approximately \$16.46 million in sales tax revenue forfeited in 2019 because of the sales tax exemption on wine and spirit sales was only partially offset by the approximately \$6.98 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. Put another way, the net loss in revenue resulting from the sales tax exemption for wine and spirits in calendar year 2019 was approximately \$9.48 million.

Data for the new 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.)

Variance in alcoholic beverage excise tax revenue, 2019 calendar year							
	SPIRITS	LOW-PROOF SPIRITS	STILL WINES	SPARKLING WINES	MALT BEVERAGES (INCLUDING BEER)	TOTALS	VARIANCE
Total gallons	2,383,227.88	163,690.79	3,665,137.19	197,921.88	17,422,465.34		
Old tax rate	\$3.75	\$1.10	\$0.60	\$0.75	\$0.0967		
Tax based on old tax rate	\$8,937,104.57	\$180,059.87	\$2,199,082.31	\$148,441.41	\$1,684,752.40	\$13,149,440.56	
New tax rate	\$5.40	\$1.10	\$1.40	\$0.75	\$0.1033		
Tax based on new tax 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

(For full variance tables for calendar years 2014 through 2019, please see appendices.)

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:

For 2019, there were 234 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 211 filed annual reconciliation returns with the Division of Taxation as of April 13, 2020, while 23 did not. Thus, approximately 90% of licensees filed annual returns with the agency, while approximately 10% did not. The Class A licensees that were delinquent in the filing of annual reconciliation returns as of April 13, 2020, make up less than 1.0% of total sales activity. Thus, the Division of Taxation is confident that the data contained in this report covers more than 99% of total sales activity.

For 2019, there were 32 active wholesalers/distributors of alcoholic beverages in Rhode Island. Of those, 29 filed annual reconciliation returns with the Division as of April 13, 2020, while three did not. Thus, the filing rate was approximately 90.63% and the delinquency rate approximately 9.38%. The Division of Taxation has determined that the three that were delinquent in filing their returns would have showed minimal excise tax had they filed. The delinquent filers represented less than 10% of all filers. 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.

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.

The photograph on the first page of this report – of the Powers Building, in Providence, Rhode Island, where the Division of Taxation is located – was taken in August 2018 by the Division of Taxation.

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

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
TOTAL RI	\$ 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

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	\$ 52,673,713.58	\$ 52,739,680.64	\$ 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	\$ 43,094,345.85	\$ 43,167,854.20	\$ 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	\$ -	\$ 177,110.29	\$ 244,388,442.82	\$ 244,915,927.18	\$ 129,529,659.70	\$ 9,067,076.18

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 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
TOTAL IMPORT FEE	\$ 595,433.76	\$ 2,823,504.12	\$ 1,353,082.39	\$ 7,434,127.71	\$ 2,386,341.71	\$ 14,592,489.69

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

Variance tables for calendar years 2014 through 2019:

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