

SPONSOR STATEMENT-SB 15

SB 15, “An Act relating to the state alcoholic beverage tax for certain wine and other beverages on amounts sold in or consigned for shipment into the state that exceed 100 gallons a month, and to the treatment of two or more taxpayers who have a relationship for purposes of applying the tax for certain wine and other beverages.”

When the 22nd Alaska Legislature passed into law House Bill 225, breweries were allowed to keep the former tax rate of \$.35 per gallon on sales of the first 60,000 barrels of beer sold in the state. Alaska’s small wineries were not given similar consideration; as a result, the tax on wine rose from \$.85 per gallon to \$2.50 per gallon. This important revenue measure, while helping breweries, has, unfortunately, put Alaska’s small, emerging wineries at a competitive disadvantage in the marketplace.

Recognizing that a revision to current state statute to allow wineries an exemption similar to breweries would lead to a substantial revenue loss, SB 15 attempts to level the playing field for our small wineries by offering a tax exemption of 100 gallons per month. This figure was derived after much consultation with winery operators and the Department of Revenue. The 100-gallon per month figure is also an attempt to minimize revenue loss from unintended beneficiaries, while keeping within the constrictions of interstate commerce law.

The bill also includes language that will further reduce unintended revenue loss by treating as a single taxpayer, two or more taxpayers who have a relationship, as defined in 26 U.S.C. 267(b) (Internal Revenue Code).

By supporting SB 15, you will help this developing Alaska industry produce a competitively-priced product, allowing them to continue to contribute new revenue to the state’s changing economy.