

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1370

Bill Subtitle: TO AMEND THE DIRECT SHIPMENT OF VINOUS LIQUOR ACT; TO INCLUDE AN ESTABLISHMENT THAT PRODUCES MEAD IN THE DEFINITION OF "SMALL FARM WINERY"; TO ALLOW MEAD SHIPMENT DIRECTLY TO CONSUMERS; AND TO TAX MEAD IN THE SAME MANNER AS WINE.

Basic Change :

Sponsor: Rep. Bryant

HB1370 amends the Direct Shipment of Vinous Liquor Act to include an establishment that produces mead in the definition of a "small farm winery." Previously, a "small farm winery" was defined in § 3-5-1702(1) as a wine-making establishment that is licensed under § 3-5-1601 and produced at least eight hundred gallons (800 gals.) of wine in the previous calendar year. HB1370 amends the definition to specifically include an establishment that produces mead. "Mead" is defined as an alcoholic beverage made through the fermentation of honey as the primary ingredient, and may also include cyser, braggot, metheglin, and melomels. The bill also allows small farm wineries to ship mead directly to consumers in the same manner as wine under § 3-5-1709 of the Direct Shipment of Vinous Liquor Act.

HB1370 also taxes mead in the same manner as wine under the alcoholic beverage excise tax provisions in § 3-7-101 et seq. The bill amends § 3-7-104 to tax mead containing over five percent (5%) alcohol by weight in the same manner as vinous liquor, and taxes mead containing between one-half percent (0.5%) and five percent (5%) alcohol by weight in the same manner as light wine. HB1370 also taxes mead in the same manner as wine under the excise tax provisions of § 3-7-111 and 3-7-201.

Revenue Impact :

Revenue impact is unknown at this time.

Taxpayer Impact :

Small farm wineries, wholesalers, importers of wine and retailers of alcoholic beverages.

Resources Required :

No additional resources are required.

Time Required :

Adequate time is allowed for implementation.

Procedural Changes :

No procedural changes will be required. A taxpayer that produces mead and does not have a wine account would register with the Department of Finance and Administration (DFA) and report mead production on the current wine return. Small farm wineries, wholesalers and importers of wine would report mead production on their existing monthly wine return.

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Other Comments :

None.

Legal Analysis :

None.