



Liquor Taxes

Kansas has three levels of liquor taxation, each of which imposes different rates and provides for a different disposition of revenue, including:

Liquor Gallonage Tax
Liquor Enforcement or Sales Tax
Liquor Drink Tax

Gallonage. The first level of taxation is the gallonage tax, which is imposed upon the person who first manufactures, sells, purchases, or receives the liquor or cereal malt beverage (CMB).

Enforcement or Sales. The second level of taxation is the enforcement or sales tax, which is imposed on the gross receipts from the sale of liquor or CMB to consumers by retail liquor dealers and grocery and convenience stores; and to clubs, drinking establishments, and caterers by distributors.

Drink Tax. A tertiary level of taxation is levied on the gross receipts from the sale of liquor by clubs, caterers, and drinking establishments.

Gallonage



Since the tax is imposed upon the person who first manufactures, uses, sells, stores, purchases, or receives the alcoholic liquor or cereal malt beverage, the tax has already been paid by the time the product has reached the retail liquor store – or in the case of CMB, grocery or convenience store. So when the liquor store owner purchases a case of light wine from a distributor, the 30 cents per gallon tax has already been built in as part of that store owner's acquisition cost.

Rates Per Gallon

Beer and CMB \$0.18

Light Wine \$0.30

Fortified Wine \$0.75

Alcohol and Spirits \$2.50

Enforcement and Sales



Enforcement. Enforcement Tax is an in-lieu-of sales tax imposed at the rate of 8 percent on the gross receipts of the sale of liquor to consumers and on the gross receipts from the sale of liquor and CMB to clubs, drinking establishments, and caterers by distributors. A consumer purchasing a \$10 bottle of wine at a liquor store is going to pay 80 cents in enforcement tax. The club owner buying the case of wine (who already had paid the 30 cents per gallon gallonage tax as part of his acquisition cost) also would now pay the 8 percent enforcement tax.

Sales. CMB purchases in grocery or convenience stores are not subject to the enforcement

tax, but rather are subject to state and local sales taxes. The state sales tax rate is 5.3 percent, and combined local sales tax rates range as high as 3.0 percent. CMB sales therefore are taxed at rates ranging from 5.3 to 8.3 percent. Besides the rate differential between sales of strong beer (and other alcohol) by liquor stores and CMB by grocery and convenience stores, there is a major difference in the disposition of revenue.



Drink

The liquor drink tax is imposed at the rate of 10 percent on the gross receipts from the sale of alcoholic liquor by clubs, caterers, and drinking establishments. The club owner (who had previously effectively paid the gallonage tax and then the enforcement tax when he acquired the case of wine) next is required to charge the drink tax on sales to its customers. Assuming the club charged \$4.00 for a glass of wine, the drink tax on such a transaction would be 40 cents.



In FY2003, Kansans contributed \$81,708,115 million in taxes on purchases of alcohol through excise taxes, gallonage and enforcement taxes, In FY2004 \$85,485,266 and in FY2005 \$90,246,471 (a 5.5% increase over the prior year) according to the Alcoholic Beverage Control memorandum dated January 10, 2006

Collection for 2004 & 2005 are as follows:

	2004	2005
Enforcement 8%	40,256,465	41,903,994
Drink 10%	28,614,009	29,770,339