

# Selected Excise Taxes

Missouri levies a series of excise taxes on selected commodities. The goods included are:

- (1) Liquor, wine and beer
- (2) Cigarettes and other tobacco products
- (3) Gasoline and other fuels

Appendix II contains a historical summary of the excise tax rates on these commodities. The liquor and beer taxes are designated as general fund revenues. The cigarette tax is deposited into three special funds:

- (1) the State School Moneys Fund,
- (2) the Fair Share Fund and
- (3) the Health Initiative Fund.

The taxes on motor fuel and other special fuels are deposited into the Motor Fuel Tax Fund.

## Liquor and Beer Taxes

The oldest of these excise taxes is the inspection tax on beer and related products. The original levy became effective on August 20, 1899. The rate was \$0.01 per gallon with an additional \$0.02 fee per package for each beer stamp. The tax was amended effective April 16, 1901, with the rate being reduced to \$0.005 per gallon and a \$0.01 per package stamp fee. This tax was repealed effective with the passage of the prohibition amendment in 1919. With the end of prohibition in 1933, Missouri enacted the modern beer and alcohol taxes, which are administered by the Department of Public Safety, Division of Liquor Control. No exemptions, deductions or credits are associated with this tax.

## Liquor, Beer and Wine Taxes by Calendar Year

**2008 Rank of portion of gross receipts: 8**

**2008 Tax Rates:** Liquor/Gallon—\$2.00  
Beer/Barrel—\$1.92  
Wine/Gallon—\$0.42

	2006	2007	2008
<b>Gross Receipts</b>			
<b>General Fund</b>	39.0*	33.9*	35.2*
<b>Other</b>	0.0	0.0	0.0
<b>Tax Expenditures</b>	0.0	0.0	0.0

*Figures in millions of dollars; \*includes licenses & permits*

## Cigarette and Other Tobacco Taxes

The original excise tax on cigarettes was adopted as a result of an initiative petition. The tax became effective January 1, 1956, at a rate of 1 mil per cigarette, or \$0.02

## Cigarette and Tobacco Taxes by Calendar Year

**2008 Rank of portion of gross receipts: 6**

**2008 Tax Rate:** Cigarette—\$0.0085/cig.  
Tobacco—10%

	2006	2007	2008
<b>Gross Receipts</b>			
<b>General Fund</b>	0.0	0.0	0.0
<b>Other</b>	110.4	110.1	109.0
<b>Tax Expenditures</b>	3.1	3.4	3.4

*Figures in millions of dollars*

per 20 cigarettes. The tax is collected from wholesalers by the affixing of tax stamps or meter impressions at the time of receipt. One deduction for this tax qualifies as a tax expenditure. A credit of 3 percent is allowed for all taxpayers as a collection fee.

Effective Oct. 1, 1993, tobacco products, except cigarettes, are taxed at 10 percent of the manufacturers invoice price before discounts and deals. No exemptions, deductions or credits are associated with this tax.

## Motor Fuel Taxes

Missouri enacted its first gasoline tax in 1925 as a result of an initiative petition voted on Nov. 4, 1924. The original rate was \$0.02 per gallon. The tax was initially deposited into the State Road Fund. It was subsequently transferred to the State Highway Fund and finally in 1962 to the Motor Fuel Fund.

The tax on special fuels became effective on Aug. 1, 1952. Special fuels include diesel fuel, liquefied petroleum gas and all other gases, liquids and substances used for propelling motor vehicles except gasoline.

These taxes are initially collected from the fuel distributors who then add it to the price of the fuel. The tax base is calculated from the actual amounts of fuel received by distributors in Missouri. As a result, several adjustments are necessary to calculate net tax receipts.

The first adjustments are for fuels exported to other states and actual losses. Exempt from the tax are sales to the U.S. Government and to non-highway users. Additionally, an evaporation or shrinkage allowance of 3 percent is permitted. The amount of the tax collected with respect to fuel not used for propelling motor vehicles on State highways is refunded to the taxpayer.

The exemption for non-highway use does not constitute a tax expenditure since the original tax was intended only to apply to gasoline used to propel vehicles on highways. The exemption for sales to the U.S. government is

premised on Federal statutes. The exemption for shrinkage is due to the physical nature of this commodity and represents an estimate of the fuel lost due to evaporation. This item has been checked to indicate that it is a tax expenditure. However, due to the wording of the statute, it is not clear as to what portion of this amount should be considered a tax expenditure (see Appendix VI).

## Gasoline and Special Fuel Tax

2008 Rank of portion of gross receipts: 3

2008 Tax Rate: \$0.1730/gallon

	2006	2007	2008
<b>Net Receipts</b>			
General Fund	0.0	0.0	0.0
Other	747.9	745.2	745.3
<b>Tax Expenditures</b>			
Credits	16.2	16.8	16.2

Figures in millions of dollars

## Exhibit 11 Cigarette Tax Expenditures 2003 - 2013

	2003	2004	2005	2006	2007	2008 <sup>F</sup>	2009 <sup>F</sup>	2010 <sup>F</sup>	2011 <sup>F</sup>	2012 <sup>F</sup>	2013 <sup>F</sup>
Cigarette collection	3.0	3.1	3.1	3.1	3.4	3.4	3.3	3.2	3.2	3.1	3.1
fee credit											

Figures in millions of dollars; F = Forecasted numbers

## Exhibit 12 Derivation of Motor Fuel Tax Base Calendar Year 2008 (preliminary)

Gasoline received in Missouri		3,528.2
less exports and fuel losses		329.0
Gross gallons report for use in Missouri		3,199.2
Exemptions		
Non-Highway Use	0	
U.S. Government	3.5	
✓ Evaporation/Shrinkage (3%)	93.9	
Gross gasoline taxed		3,101.8
Refunds for non-highway use		
Agriculture	4.2	
Aviation	.04	
Industrial	4.5	
Marine	2.7	
Federal Government	2.5	
Distributor	7.5	
Net Gasoline Taxed		3,080.3
Net Special Fuels Taxed		1,153.5

Figures in millions of gallons; ✓ - Tax expenditure; ● - Less than 50,000 gallons