Alcoholic Beverage Control

See full summary documents for additional detail

Excise Tax Changes – Various Revenue Laws Changes.

SL 2026-31 (S595), Part IV

Part IV of S.L. 2026-31 (Senate Bill 595) makes various changes to the excise tax laws, including:

- Removing a requirement that nonresident spiritous liquor vendors register with the Department of Revenue because they do not remit tax as they sell directly to ABC stores, who are required to be registered with the Department.
- Clarifying the due date of tax for an intrastate motor carrier as being the last day of the month following the quarter in which the motor fuel or alternative fuel was used by the motor carrier.
- Creating a definition for "renewable diesel," which is a type of diesel fuel subject to motor fuels tax and is consistent with the definition used by the Federation of Tax Administrators, other states, and the industry. This section does not change the taxation of renewable diesel, which is already subject to tax.
- With respect to a supplier who owns tax-paid motor fuel and enters it into the terminal transfer system at a location other than an IRS-approved terminal, the following:
    - Allow the supplier a credit of the tax paid on the fuel, thereby reverting the fuel to non-tax-paid status while in the terminal transfer system. Generally, all fuel in the terminal transfer system is non-tax-paid and taxed at the terminal rack upon sale or export. This provision aligns the tax status of fuel in the terminal transfer system as non-tax-paid so that tax-paid fuel and non-tax-paid fuel are not intermixed.
    - Require the supplier to file a bond or an irrevocable letter of credit with the Secretary in the amount of $2,000,000 as a condition for receiving a license.
- Authorizing the Secretary to cancel a motor fuel exporter license if the Secretary determines the exporter has ceased operating in this State for one year.
- Providing the Secretary with explicit authority to audit records and examine equipment of alternative fuel licensees.
- Excluding motor fuel licensees from the Administrative Procedures Act.
- Clarifying that "gross wagering revenue" includes the cash value of any bonuses or promotional credits when returned to an interactive sports wagering operator ("operator") in the form of a deposit or sports wager. This is consistent with how the Department has advised taxpayers and is consistent with how promotional credits are treated for federal excise tax purposes.
- Clarifying that the tax rate applicable to snuff is not applicable to other smokeless tobacco products. This clarification is needed because the definitions of "snuff" and "smokeless tobacco" overlap. This provision became effective July 1, 2026, and applies to sales occurring on or after that date.
- Clarifying the license that wholesale and retail dealers of alternative nicotine products must obtain.

- Clarifying that a distillery is required to remit excise tax on liquor sales occurring within a distillery estate district.
- Clarifying that a local ABC board must register with the Department of Revenue.
- Relieving resident breweries, resident wineries, and resident wine producers from having to file monthly informational reports with the Department. These permittees will still be required to file an annual informational report with the Department. This provision became effective July 1, 2026.

Except as otherwise stated, these provisions became effective July 2, 2026.

Rounding of Cash Transactions Due to Penny Elimination – Various Revenue Laws Changes.

SL 2026-31 (S595), Part XIV

Part XIV of S.L. 2026-31 (Senate Bill 595) provides retailers, including ABC stores and government entities when acting as retailers, with rounding procedures for cash transactions following the U.S. Treasury's announcement to cease production of the penny. Under this provision, a retailer is not required to round a cash transaction, except for ABC stores as described below, but if the retailer opts to do so, it must follow the methodology outlined in the statute.

For transactions ending in 1, 2, 6, or 7, the final digit must be rounded down to the nearest five cent interval. For transactions ending in 3, 4, 8, or 9, the final digit must be rounded up to the nearest five cent interval. The rounding adjustment does not apply to transactions ending in 0 or 5 or for which payment is made with any non-cash method. The rounding adjustment does not alter the sales price, the amount of tax owed or collected, or any surcharges, assessments, or fees imposed on the sale. Retailers are not authorized to round the amount of sales tax due and are not relieved from the duty to calculate and remit to the Department of Revenue the exact amount of sales tax shown on an invoice or receipt.

For ABC stores specifically:

- Rounding will be required for cash transactions beginning July 1, 2027.
- Any additional revenues due from rounding adjustments are to be included in "gross receipts" but are not to affect the calculation of the required statutory distributions.

Since property taxes are permitted to be paid in cash, the provision provides that for cash transactions, a taxing unit must round down to the nearest five-cent interval and treat the tax as fully paid.

Finally, the Part provides the following protections for retailers that round in accordance with the statutory provision:

- Declares it a reasonable business practice for sales tax purposes.
- Declares it is not an unfair and deceptive trade practice.
- Declares it is not a violation of the Weights and Measures Act of 1975.

- Declares that it cannot serve as the basis for a civil action.

This Part became effective July 2, 2026.