

# Alcoholic Beverage Taxation

## Municipal Taxation 102 June 25, 2022

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## Overview

- Broad powers to regulate manufacturing, distributing and selling alcoholic beverages, wholesale or retail (O.C.G.A. 3-3-2)
- Business in city cannot sell alcohol without a license from city
- Cities may grant, refuse, suspend or revoke licenses per ordinance that sets out standards

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## Types of Alcoholic Beverages

- Malt Beverages
  - Fermenting barley, malt, hops
  - Less than 14% alcohol by volume
  - Includes ale, porter, brown, stout, lager beer, small beer, and strong beer

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## Types of Alcoholic Beverages

- Wine
  - Fermenting fruits, berries, grapes, etc
  - Less than 24% alcohol by volume
  - Includes sparkling wines, champagnes, vermouths, special natural wines rectified wines and like products
  - Does not include fortified wine

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## Types of Alcoholic Beverages

- Distilled Spirits
  - All alcoholic beverages with more than 24% alcohol by volume

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## Types of Sales

- By the Drink (Consumption on Premises)
  - Sales made at restaurants and bars where alcohol is poured for the customer
- Package sales
  - Sales at retail locations where customer buys unopened containers

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## Licensing

- Regardless of type of sale, business cannot sell alcohol without a license from city
- Local licenses issued in accordance with local ordinance
- Annual occupational license tax of \$100 imposed on each retail consumption dealer
- State law limits alcohol license fees
  - Max for distilled spirits is \$5,000 annually
  - Wholesaler of malt beverages licensed to do business in more than one local gvt may only be charged \$100 by gvt other than main place of business

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## Special Events Permits

- A license must be associated with any sale of distilled spirits, malt beverages or wine;
- Special Events Permits are necessary when the location where an event is held (in which alcohol is to be sold) does not hold a state retail alcohol license;
- “Sale” of Alcohol includes: Cash bars, Entry Fees (where drinks are served for free or for cash), or if “donations” are accepted.

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## Special Events Permit Applications

- All applications must be submitted to the Department of Revenue (DOR) electronically through the Georgia Tax Center website:
  - <https://gtc.dor.ga.gov>
- DOR requests applications be submitted a minimum of 10 days prior to the event start date.

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## Special Permits: Required Documents

<p><b>For Profit Event</b></p> <ol style="list-style-type: none"> <li>1) Local License &amp; Letter of Approval</li> <li>2) Power of Attorney (if applicable)</li> <li>3) O.C.G.A. § 50-3-1(e)(2) Citizenship Affidavit</li> <li>4) Secure &amp; Verifiable Documents</li> </ol> <p><b>License Fees:</b></p> <ol style="list-style-type: none"> <li>1) \$100.00 – Distilled Spirits</li> <li>2) \$50.00 – Malt Beverage</li> <li>3) \$50.00 – Wine</li> </ol>	<p><b>Non-Profit Event</b></p> <ol style="list-style-type: none"> <li>1) IRS 501(c)(3) Letter OR By Laws &amp; Corporate Charter from Secretary of State's Office</li> <li>2) Local License &amp; Letter of Approval</li> <li>3) Power of Attorney (if applicable)</li> <li>4) O.C.G.A. § 50-3-1(e)(2) Citizenship Affidavit</li> <li>5) Secure &amp; Verifiable Documents</li> </ol> <p><b>License Fee:</b></p> <ol style="list-style-type: none"> <li>1) \$25.00 – Non-Profit License</li> </ol>
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## Special Permits: Other Event Types

<p><b>Special Event Use Permit</b></p> <ul style="list-style-type: none"> <li>• This license type is required for certain events which would otherwise require a retailer license;</li> <li>• Event Examples: Estate Sales, Inventory Sales Associated with Bankruptcy Proceedings, and activities similar in nature shall qualify;</li> <li>• This license type is valid for up to 10 days.</li> </ul>	<p><b>Required Documents</b></p> <ol style="list-style-type: none"> <li>1) Local License &amp; Letter of Approval</li> <li>2) Power of Attorney (if applicable)</li> <li>3) O.C.G.A. § 50-3-1(e)(2) Citizenship Affidavit</li> <li>4) Secure &amp; Verifiable Documents</li> </ol> <p><b>License Fees:</b></p> <ol style="list-style-type: none"> <li>1) \$100.00 – Distilled Spirits</li> <li>2) \$50.00 – Malt Beverage</li> <li>3) \$50.00 – Wine</li> </ol>
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## Special Permits: Other Event Types

<p><b>Special Event Wine Auction</b></p> <ul style="list-style-type: none"> <li>• This license type is required for bona fide non-profit civic associations;</li> <li>• The license allows the sales for consumption on premises and/or to sell wine at retail for off-premise consumption;</li> <li>• This license type is valid for up to 3 days.</li> </ul> <p><b>License Fee:</b></p> <ol style="list-style-type: none"> <li>1) \$25.00 – Non-Profit License</li> </ol>	<p><b>Required Documents</b></p> <ol style="list-style-type: none"> <li>1) IRS 501(c)(3) Letter OR By Laws &amp; Corporate Charter from Secretary of State's Office</li> <li>2) Donated Wine Auction Inventory List</li> <li>3) Local License &amp; Letter of Approval</li> <li>4) Power of Attorney (if applicable)</li> <li>5) O.C.G.A. § 50-3-1(e)(2) Citizenship Affidavit</li> <li>6) Secure &amp; Verifiable Documents</li> </ol>
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## Taxation of Alcoholic Beverages

- Must adopt tax rate for each type of alcoholic beverage in local ordinance

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## Taxation of Distilled Spirits

- Package sales (retail or wholesale): up to 22 cents per liter (excluding fortified wine) (O.C.G.A. 3-4-80)
- Sales by the drink on retailers: up to 3% of charge to public (O.C.G.A. 3-4-130)
- Dealers are reimbursed a percentage for collecting and remitting

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## Taxation of Malt Beverages

- In bulk containers of not more than 15.5 gallons: up to \$6 per container (O.C.G.A. 3-5-8)
- In bottles, cans, or other containers: up to 5 cents per 12 ounces
- No tax on malt beverages that contain less than 0.5% alcohol by volume
- Paid by wholesale dealers

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## Taxation of Wine

- First sale by package: 22 cents per liter (O.C.G.A. 3-6-60)
- Exceptions:
  - Wine sold for use in religious services
  - Sale exempt from tax by the state under the US Constitution
  - Sales to people outside GA for resale or consumption out of state
  - Wines containing less than 0.5% abv

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## 2017's SB 85 – Direct Sales

- Breweries and Distilleries are allowed to sell directly to customers on premises
- Sales include both by the drink and package at all times that sales are lawful for retailers or restaurants and bars
- Cities have broader authority over distance requirements for by the drink sales than package sales

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## 2017's SB 85 – Direct Sales

- Annual Limits By the Drink / Pour

Breweries 3,000 Barrels/Yr	Distilleries 500 Barrels/Yr
Malt Beverage = 31 gallons/barrel	Distilled Spirits = 53 gallons/barrel
3000 barrels = 93,000 gallons	500 barrels = 26,500 gallons
93,000 gallons = 11,900,000 fl oz	26,500 gallons = 3,392,000 fl oz
11,900,000 fl oz = 991,666 12 oz	3,392,000 fl oz = 2,261,333 Singles (1.5 oz)
11,900,000 fl oz = 743,750 16 oz	3,392,000 fl oz = 1,130,666 Doubles (3 oz)

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## 2017's SB 85 – Direct Sales

- Annual Limits Package

<b>Breweries 3,000 Barrels/Yr</b>	<b>Distilleries 500 Barrels/Yr</b>
Malt Beverage/Day = 288 oz	Distilled Spirits/Day = 2,250 ml
288 oz = 24 x 12oz (standard case)	2,250 ml = 3 x 750 ml (standard bottle)
11,900,000 fl oz = 41,319 cases	3,392,000 fl oz = 100,313,412 ml
or 82,638 12pks	100,313,412 ml = 133,751 standard bottles

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## 2020's HB 879 – Statewide Licensing

- The Department of Revenue is required to develop and implement a state-wide, online, centralized application process for initial applications and renewals for licenses and permits for alcohol retailers. Effective January 1, 2021.
- Both the department and any city and county governing authorities that issue licenses or permits to retailers will be required to use the statewide system.
- In developing the system, the Department is required to take input from local governments. GMA and ACCG are suggesting that fingerprinting, background checks, and immigration paperwork be consolidated and offered only by the state.
- The centralized process will provide for the remittance of all fees and may require the applicant to pay the Department and the local governing authorities separately when the application is submitted.

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## 2020's HB 879 – Sunday Sales Referendum

- Pursuant to Section 2 of the Legislation, in all counties or municipalities in which the governing authority has been authorized following a referendum to permit the sale of alcoholic beverages on a Sunday from 12:30 p.m. such governing authorities may, by resolution or ordinance, conditioned on approval by the electorate in a subsequent referendum, authorize for the sale of alcoholic beverages by both the "pour" and package on Sundays from 11:00 a.m. Pursuant to this legislation the governing authority may now extend the sale of both "pour" and package sales by this extra hour in one referendum rather than two separate referenda.
- This is a permissive provision that gives cities to option to do so but does not require that cities pass such a resolution.

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## 2020's HB 879 – Home Delivery of Alcohol

- Allows for “packaged goods retailers” to deliver alcoholic beverages to customers’ homes within the jurisdiction.
- A “Packaged goods retailer” is defined as a person licensed as a retailer to sell alcoholic beverages in unbroken packages for consumption off the premises excluding manufacturers, shippers, or carriers.
- Allows for local package retail license holders to provide for home delivery as soon as the Department of Revenue releases the applicable regulations. The Department includes restaurants as entities eligible for home delivery if they are license holders.
- Entities with retail package licenses would be eligible to deliver beer, wine, and spirits, and entities with pour licenses would be eligible to deliver beer and wine. The range of delivery is limited to the jurisdiction that provided the license.

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## 2021's SB 145 – Removing Petition Requirements for Package Sales

- This bill gives cities the option to call for a ballot question on liquor package sales by resolution or ordinance.
- The bill also changes the petition threshold of 35% of registered voter signatures to 20% of registered voter signatures (if the city wishes to use a petition).
- Effective as of May 4, 2021.

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## 2021's HB 392 – Distance Requirements for Package Sales Near Schools

- This bill gives local governments the ability set distance requirements for beer and wine package sales in relation to school property lines.
- Distance requirements for school buildings remain set at 100 yards.
- Effective as of May 4, 2021.

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## Additional Resources

*For tax guidance:*

Alcohol and Tobacco Division of the Georgia Department of Revenue  
 1800 Century Center Boulevard, N.E. Atlanta, Georgia  
 Room 4235  
 Atlanta, Georgia 30345  
 Phone: 404-417-4900  
 E-mail: [ttips@doz.ga.gov](mailto:ttips@doz.ga.gov)

*For mandatory reporting of licenses providing alcohol to the under-aged:*

Alcohol and Tobacco Division of the Georgia Department of Revenue  
 1800 Century Center Boulevard, N.E. Atlanta, Georgia  
 Room 4235  
 Atlanta, Georgia 30345  
 Phone: 404-417-4900

*For federal regulatory and interstate criminal law guidance:*

Bureau of Alcohol, Tobacco, Firearms and Explosives  
 Office of Public and Governmental Affairs  
 99 New York Avenue, N.E., Room 55 144  
 Washington, D.C. 20226 USA  
 Phone: (800) 800-3855  
 Website: <http://www.atf.gov>  
 E-mail: [ATFTips@atf.gov](mailto:ATFTips@atf.gov)

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## Additional Resources Cont.

*To see other Georgia city alcohol codes:*

Municipal Code Corporation  
 Website: <http://municode.com/Library/ClientListing.aspx?stateID=10>

*For statutory language:*

Official Code of Georgia Annotated Title 3  
 Website: <http://www.lexisnexis.com/hottopics/gacode/Default.asp>

*For statutory interpretive guidance:*

Opinions of the Attorney General of Georgia  
 Website: <https://law.georgia.gov/opinions>  
 For Reference

GMA's [Distilling the Basics of Municipal Beverage Regulation](#) (New Ed. Oct 2020)

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## GMA Resource

### Alcoholic Beverage Excise Tax Compliance Service

Staff Contact:

Darin Jenkins, Director, Financial & Operational Services  
[djenkins@gacites.com](mailto:djenkins@gacites.com)  
 678.686.6264

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# Thanks!

Staff Contacts:

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Direct: 678-686-6390

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