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**ALCOHOL AND TOBACCO TAX COLLECTIONS****THIRD QUARTER – FY 1991**

Source of Revenue	Rate	Amount (000's)	
		FY 1991	FY 1990
EXCISE TAX, TOTAL		\$8,789,616	\$7,602,949
ALCOHOL TAX, TOTAL		\$5,223,119	\$4,383,495
Distilled Spirits Taxes, Total		\$2,851,203	\$2,942,096
Domestic	\$13.50 per pg	\$2,365,401	\$2,417,974
Imported	\$13.50 per pg	\$485,802	\$524,122
Wine Taxes, Total		\$355,043	\$206,095
Domestic	Various	\$286,259	\$142,307
Imported	Various	\$68,785	\$63,788
Beer Taxes, Total		\$2,016,873	\$1,235,304
Domestic	\$18 or \$7 per bbl	\$1,940,323	\$1,182,221
Imported	\$18 per bbl	\$76,551	\$53,083
TOBACCO TAX, TOTAL		\$3,566,496	\$3,219,454
Domestic	Various	\$3,548,245	\$3,207,025
Imported	Various	\$18,252	\$12,429
SPECIAL (OCCUPATIONAL) TAX TOTAL		\$62,071	\$85,730
TOTAL TAX COLLECTIONS		\$8,851,687	\$7,688,679

Notes: All "Imported" figures obtained from U.S. Customs data.  
 Report does NOT include Floor Stocks Taxes of \$90,984,450  
 \* Prior to January 1, 1991 rate was \$12.50 per pg  
 \*\* Prior to January 1, 1991 rate was \$9 per bbl instead of \$18  
 \*\*\* Special Occupational Tax for Alcohol and Tobacco establishments only.

ANALYSIS: It is evident that the increased sales of distilled spirits in the second quarter were not sufficient to offset the decrease after the excise tax increase went into effect. Industry publications confirm: the consumer rush to purchase before the increase; the across-the-board slow down after; the increase in markup by the producer and wholesaler (and presumably by the retailer too); and the consumer trend to buy lower priced products hit the spirits market especially hard. They have not addressed the fact that in order for a wholesaler or retailer to keep the COST of his inventory constant he must reduce the QUANTITY of that inventory. Either this is felt to be self-evident or no one in the industry wants to admit that increases at all three levels (blamed on the tax increase) may have been more than wholesaler, retailer or customer was willing to pay. Beer industry publications noted that the volume business is moving from the premium brands to lower cost beers and the beer volume does not seem to have suffered the impact. Beer revenue went up about half the rate of the increase. Wine seems to have been relatively unaffected. The increase in revenue is roughly equal to the tax increase indicating no change in volume.