Historical Tax Law Changes
Luxury Tax on Liquor

Laws 1933, 1st Special Session, Chapter 18 levied the first Arizona state Luxury Tax on Liquor. The tax rates established by this law are shown below:

- 10¢ on each 16 ounces, or fractional part thereof, for malt extracts
- 10¢ on each container of spirituous liquor containing 16 ounces or less
- 10¢ on each 16 ounces of spirituous liquor in containers of more than 16 ounces
- 3¢ on each container of vinous liquor containing 16 ounces or less
- 3¢ on each 16 ounces of vinous liquor in containers of more than 16 ounces
- 5¢ on each gallon of malt liquor

The tax was paid by the purchase of stamps affixed to each container of liquor and malt extract and canceled prior to sale. Taxes were payable to the State Tax Commission, prior to or at the time of the sale of the product. Of the total receipts collected, 96% was dedicated to the Board of Public Welfare and the remaining 4% was appropriated for the use of the State Tax Commission. The tax was a temporary tax and expired on March 1, 1935. (E - June 28, 1933)

Laws 1935, Chapter 14 extended the provisions of Laws 1933, 1st Special Session, Chapter 18 to May 1, 1935. (E - February 20, 1935)

Laws 1935, Chapter 78 permanently enacted the provisions of Laws 1933, 1st Special Session, Chapter 18, with respect to the Luxury tax on Liquor. The tax rates levied on containers of spirituous liquor and vinous liquor were replaced with the rates shown below:

- 5¢ on each container of spirituous liquor containing 8 ounces or less
- 5¢ on each 8 ounces of spirituous liquor in containers of more than 8 ounces
- 3¢ on each container of vinous liquor containing 16 ounces or less if the alcohol content is 24% or less
- 3¢ on each 16 ounces of vinous liquor in containers of more than 16 ounces if the alcohol content is 24% or less
- 5¢ on each container of vinous liquor containing 8 ounces or less if the alcohol content is greater than 24%
- 5¢ on each 8 ounces of vinous liquor in containers of more than 8 ounces if the alcohol content is greater than 24%

The rates levied on malt extracts and malt liquor were not changed. Of the total amount collected from the Luxury Tax on Liquor and Tobacco products, 4% was allocated to the "Luxury tax Administration Fund" for use by the State Tax Commission and $5,000 per month was appropriated to the Governor's Relief Fund. During fiscal years 1935-36 and 1936-37 the sum of $3,000 was also appropriated to the State Auditor for use in auditing the State Board of Public Welfare. The balance of collections was distributed to the State Board of Public Welfare. (E - March 23, 1935)

Laws 1937, 2nd Special Session, Chapter 16 changed the distribution of collections from the luxury tax. Under the new law, the "Luxury tax Administration Fund" continued to receive 4% of the total collections. The State Auditor's share was changed to $3,000 per month or any lesser amount that would defray the expense of auditing the State Board of Social Security and Welfare. This change was effective July 1, 1937. The bill also allocated $60,000 per year to crippled children services beginning July 1, 1937 and eliminated the share deposited in the Governor's Relief Fund. The balance of receipts was dedicated to the State Board of Social Security and Welfare. (E - June 26, 1937)

Laws 1943, Chapter 84 changed the method for payment of the Luxury Tax on Liquor by requiring all wholesalers of alcoholic beverages to report and pay the tax on the 10th day of the month following the month in which the tax accrued. The change in the method of payment did not apply to malt extracts. (E - April 1, 1943)

Laws 1945, Chapter 51 provided that tax stamps purchased in payment of the tax on malt extracts could be acquired from the State Tax Commission for 95% of the face price. (E - March 9, 1945)
Laws 1946, 3rd Special Session, Chapter 12 increased the tax rate upon alcoholic beverages and malt syrup to provide additional funds for old age assistance. The following rate changes were made:

1. For malt extracts, the rate was increased from 10¢ to 15¢ on each 16 ounces, or fractional part thereof.
2. For spirituous liquor, sold in containers of 8 ounces or less, the rate was increased from 5¢ to 7-1/2¢.
3. For spirituous liquor sold in containers of more than 8 ounces, the rate was increased from 5¢ to 7-1/2¢ on each 8 ounces.
4. For vinous liquor with an alcohol content of 24% or less, the rate for containers of 16 ounces or less was increased from 3¢ to 4.5¢ and the rate for containers of more than 16 ounces was increased from 3¢ to 4.5¢ for each 16 ounces.
5. For vinous liquor with an alcohol content greater than 24%, the rate for containers of 8 ounces or less was increased from 5¢ to 7.5¢ and the rate for containers of more than 8 ounces was increased from 5¢ to 7.5¢ for each 8 ounces.
6. For malt liquor, the rate was increased from 5¢ to 7.5¢ on each gallon.

Under this law, all receipts from the Luxury Tax on Liquor were deposited with the State Treasurer and used for unemployment and welfare relief. (E - September 30, 1946)

Laws 1962, Chapter 142 increased the tax rate on liquors as follows (E - March 28, 1962):

1. For spirituous liquor, the rate for containers of 8 ounces or less was increased from 7.5¢ to 9¢ and the rate for containers of more than 8 ounces was increased from 7.5¢ to 9¢ on each 8 ounces.
2. For vinous liquor with an alcohol content of 24% or less, the rate for containers of 16 ounces or less was increased from 4.5¢ to 5.25¢ and the rate for containers of more than 16 ounces was increased from 4.5¢ to 5.25¢ for each 16 ounces.
3. For vinous liquor with an alcohol content greater than 24%, the rate for containers of 8 ounces or less was increased from 7.5¢ to 9¢ and the rate for containers of more than 8 ounces was increased from 7.5¢ to 9¢ for each 8 ounces.
4. For malt liquor, the rate was increased from 7.5¢ to 8¢ on each gallon.
5. The rate for malt extracts was not changed by this law.

Laws 1967, 3rd Special Session, Chapter 9 increased the tax rates upon liquor as follows:

1. For spirituous liquor, the rate for containers of 8 ounces or less was increased from 9¢ to 12.5¢ and the rate for containers of more than 8 ounces was increased from 9¢ to 12.5¢ on each 8 ounces.
2. For vinous liquor with an alcohol content greater than 24%, the rate for containers of 8 ounces or less was increased from 9¢ to 12.5¢ and the rate for containers of more than 8 ounces was increased from 9¢ to 12.5¢ for each 8 ounces.

Revenues from the additional 3.5¢ tax on these items were used for funding the central Arizona project, common and high school equalization, and financial assistance. Tax rates on other liquor categories were not changed. (E - March 23, 1968)

Laws 1969, Chapter 108 provided that the tax on spirituous liquor would be at a rate of $2 per gallon and at a proportionate rate for any greater or lesser quantities. (E - July 11, 1969)

NOTE: A constitutional amendment enacted in the election of November 7, 1972 prohibited political subdivisions of the state from levying a luxury tax as long as they received Urban Revenue Sharing Funds. (E - July 1, 1973)

Laws 1973, Chapter 123 created the Department of Revenue and transferred the responsibility for the collection of the tax from the State Tax Commission to the new Department. (E - July 1, 1974)

Laws 1974, 1st Special Session, Chapter 2 increased the tax on spirituous liquor to a rate of $2.50 per gallon with a proportionate rate for greater or lesser quantities. Under this law, the portion of the luxury tax that was dedicated to the central Arizona project, common and high school equalization and financial assistance [see Laws 1967, 3rd
Special Session, Chapter 9] was reallocated to the central Arizona project and the State School Fund.  (E - July 1, 1974)

Laws 1976, Chapter 66 eliminated the State School Fund but provided that the share of luxury tax collections formerly dedicated to this fund was still to be used for state school aid.  (E - May 27, 1976)

Laws 1976, Chapter 158 provided that the share of luxury tax revenues formerly dedicated to the central Arizona project and for state school aid was to be used for state school aid only.  (E - September 23, 1976)

Laws 1979, Chapter 45 provided that containers of vinous liquor with an alcohol content of 24% or less shall be taxed at a rate of 42¢ per gallon or at a proportionate rate for any lesser or greater quantities.  (E - July 21, 1979)

Laws 1980, Chapter 148 changed the due date for payment of the Luxury Tax on Liquor to the 1st day of the second month following the month in which the tax accrues.  Formerly the tax was due on the 10th day of the first month following the month in which the tax accrues.  This law also changed the interest rate imposed on delinquent tax payments to 12% per year.  (E - July 31, 1980)

Laws 1982, Chapter 297 provided that domestic farm wineries selling vinous liquor manufactured or produced on the premises are subject to the Luxury Tax on Liquor.  (E - July 24, 1982)

Laws 1983, Chapter 4 changed the interest rate on delinquent tax payments to equal the rate established by Section 6621 of the Internal Revenue Code, compounded annually.  (E - February 11, 1983)


Laws 1984, Chapter 336 accelerated the due date for the collection of certain luxury taxes.  From and after April 30, 1984, the tax liability is due on or before the 20th day of the month next succeeding the month of accrual.  Penalties of 10% are imposed upon taxpayers who fail to pay such tax within ten days after the due date.

Laws 1984, Chapter 13 prescribed new luxury tax rates.  The following changes were made:

(1) Spirituous liquor increased to $3.00 per gallon
(2) Wine (less than 24% alcohol) increased to $.84 per gallon
(3) Wine (greater than 24% alcohol) increased to $.25 per 8 ounces
(4) Malt liquor increased to $.16 per gallon

Laws 1985, Chapter 336 defined "acquisition of control" by a wholesaler or on-sale retailer or controlling person.  Such acquisitions must be approved by the Superintendent of the Department of Liquor Licenses and Control.  A list of exemptions are provided.  (E - August 7, 1985)

Laws 1985, Chapter 217 allowed for the issuance of interim retail permits to applicants for non-transferable spirituous liquor licenses.  (E - August 7, 1985)

Laws 1989, Chapter 234 made numerous changes to the liquor laws.  Pertaining to license fees, the registration fee for an agent whose place of manufacture or business is out-of-state increased from $10 to $50 and the penalty to renew a liquor license was raised to equal 100% of the renewal fee.  (E-September 15, 1989)

Laws 1993, Chapter 40 established the Arizona Wine Commission and the Arizona Wine Promotional Fund to promote the wine industry in the state.  This bill also allocated 50% of the taxes collected from in-state producers of vinous liquors be deposited in the Arizona Wine Promotional Fund.  (E - July 17, 1993)

Laws 1996, Chapter 78 reduced the luxury tax on cider from $0.84 per gallon to $0.16 per gallon.  Cider is defined as vinous liquor made from normal alcoholic fermentation, and it includes the juice of apples, sparkling and carbonated cider, and cider made from condensed apple that contains not less than one-half of 1% and not more than 7% alcohol by volume.  (Effective July 20, 1996)
Laws 1997, Chapter 150 recodified Title 42 of the Arizona tax code, which regards property, transaction privilege, use, and luxury taxation. The bill made numerous technical changes, removed references to gender, and restructured and renumbered several statutes. It provided that the interpretation of the tax code is not to be changed solely due to changes made by the recodification. Immunities, exemptions, claims, proceedings, etc. that existed before the recodification are to remain in effect. (Effective January 1, 1999)

Laws 1997, Chapter 246 changed the distribution of the luxury tax on liquor. The act allocated to the newly created Drug Treatment and Education Fund 7% of revenues collected from the luxury tax on spirituous liquors and 18% of revenues from the luxury taxes on vinous and malt liquors. On January 1, 2000, the fund is to receive 10% of revenues from the spirituous liquor tax and 25% of revenues from the vinous and malt liquor taxes. In addition, the act allocated to the Corrections Revolving Fund 3% of revenues collected from the spirituous liquor tax and 7% of revenues collected from the vinous and malt liquor taxes through December 31, 1999. (Effective January 1, 1997)

Laws 1999, Chapter 134 eliminated the funding increase for the Drug Treatment and Education Fund that was scheduled to take place on January 1, 2000, and removed the statutory language that would have terminated the Corrections Revolving Fund on January 1, 2000. The Drug Treatment and Education Fund was to have received an increase in the distribution of revenue from the spirituous liquor tax from 7% to 10%. The fund was also to have received an increase in the distribution of revenue from the taxes on vinous and malt liquors from 18% to 25%. Now, the fund will continue to receive 7% from spirituous liquor and 18% from vinous and malt liquors. In addition, the Corrections Revolving Fund will indefinitely continue to receive 3% of the monies collected from spirituous liquors and 7% of monies collected from vinous and malt liquors. (Effective September 1, 1999)

Laws 2000, Chapter 296 extended the distribution of some luxury tax revenues to the Corrections Fund for another 5 years. The allocation of a percentage of revenues derived from the taxes on cigarettes, tobacco, and liquor to the Corrections Fund had been scheduled to expire on June 30, 2000, but this bill extended the lapsing date to June 30, 2005. This act has no fiscal impact. (Effective April 18, 2000)