

Alcohol sales rise despite increase in Massachusetts tax

By [Dan Ring](#)

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BOSTON – People are downing more beers, wine and hard liquor than expected during the poor economy, judging by booming collections of a new state tax on the sale of alcohol.

And the beneficiary is state government, which is thirsty for new revenues during a fiscal crisis.

The state Department of Revenue says collections of the new sales tax on alcohol are running about \$10 million ahead of projections so far for the fiscal year and are likely to end the fiscal year nearly 30 percent, or \$20 million, better than expected.

The report cast some doubt on criticism that droves of people would drive to tax-free New Hampshire to buy alcohol once the new tax was in place.

The report also comes as package store owners push a ballot question this year to eliminate the liquor tax. A separate group is working for a ballot question to cut in half the state's general 6.25 percent sales tax on motor vehicles and other eligible items.

Robert R. Bliss, a spokesman for the revenue department, said the state expected to collect \$78.8 million from the 6.25 percent tax on the retail sale of alcohol, but likely will take in about \$100 million by the time the fiscal year ends on June 30. So far, \$52.5 million has been received.

"It's certainly providing some additional revenue," he said.

Frank J. Anzalotti, of Longmeadow, executive director of the Massachusetts Package Store Association in West Springfield, said he doubts the state's numbers since many liquor store owners are telling him that they are financially hurting.

"I'm not saying they are wrong," he said of the state revenue figures for alcohol. "I'm saying I haven't seen anything to validate it yet."

Anzalotti said there were reports of long lines of Massachusetts residents buying alcohol in New Hampshire over the holidays.

The new sales tax on alcohol was approved by Gov. Deval L. Patrick and state legislators at the same time the sales tax was hiked from 5 percent to 6.25 percent. Previously, there was no sales tax on the retail sale of alcohol.

The increases took effect on Aug. 1 and the state first collected the bounty around Sept. 20. Basically, the state will collect about 10 months of the increase this fiscal year, Bliss said.

The 25 percent increase in the sales tax is also proving to be a fiscal life saver for the state.

According to a report issued Wednesday, the state has collected \$2.680 billion from the sales tax so far this fiscal year, including meals, motor vehicles and retail. That's \$315 million, or 13.3 percent more, than the same period for the prior fiscal year and \$11 million more than projected for this fiscal year.

Bliss said virtually all the \$315 million increase – and then some – is due to the hike in the sales tax. Factoring out the increase, collections of the sales tax year to date would be down 6.5 percent, the revenue department said.

The revenue department also reported an increase in the amount of alcohol sold since the new tax on liquor was imposed.

Bliss said he didn't know why the volumes are up despite the new tax.

Over the five months of collections, the volume of alcohol sold increased by nearly 1 percent compared to the same period a year ago, the revenue department said.

Activists have already collected tens of thousands of signatures to place questions on the Nov. 2 ballot to abolish the new liquor tax and lower the sales tax to 3 percent.

At least 84,000 certified signatures were turned in during December to the state to repeal the new sales tax on beer, wine and alcohol . Also, the Alliance to Roll Back Taxes, headed by Carla A. Howell, handed in about 76,000 signatures to reduce the sales tax to 3 percent.

The secretary of state's office has sent the proposed ballot questions to the Legislature. If legislators fail to approve them by May, supporters will need to collect another 11,000 signatures to qualify the questions for the Nov. 2 ballot.