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Raising Beer Tax Will Hurt Michigan Businesses, Harm Economy

Beer is more than a beloved beverage in Michigan; it is also a key component of our economy.

Michigan is home to more than 70 family-owned distributors and nearly 90 microbreweries and brewpubs. Beer generates more than 34,000 jobs directly and pumps nearly \$2.2 billion into Michigan's overall economy. From the wide variety of imports and brand-name beers delivered by Michigan's distributors to the custom ales and lagers produced and brewed in Michigan's many microbreweries, the beer industry is thriving in Michigan. The industry holds tremendous potential to grow even more giving our citizens something to be proud of; and, more importantly, generating jobs in a range of industries.

That's why we in the beer industry are alarmed at the talk in recent weeks about raising our already high beer tax. Increasing this tax will hurt middle class consumers who already pay 41% in taxes for each glass of beer – more than any other state in the Great Lakes region. Also, Michigan's beer tax is more than 300 percent higher than Wisconsin's. In other words, the glass is already half empty for Michigan consumers. Making them pay even more is simply wrong.

A higher beer tax would also have a ripple effect across our economy.

For one, higher taxes could put a chill on beer sales. The simple law of economics tells us that when sales slow, profits dry up, which translates as less growth and fewer jobs. Breweries will be hard hit. So will local, family-owned distributors and retailers. The beer industry not only can't expand, it has to shrink – and that means layoffs. That could mean letting go of the hardworking men and women who drive forklifts and delivery trucks. It could mean fewer salespeople and office managers. A struggling beer industry can also negatively impact related industries, including those in small businesses, agriculture, construction, travel, and general manufacturing.

In 1990, when Congress last slammed consumers with a doubling of the federal tax on beer, about 60,000 people lost their jobs nationwide, according to economic firm DRI/McGraw-Hill. Now, in an act of shortsightedness, Michigan is toying with making the same mistake again. A higher beer tax will send consumers and jobs across Michigan's border to neighboring states, where the beer taxes are lower. In these tough economic times, we should be pursuing strategies that promote growth, not those that hurt consumers and businesses.

Raising the beer tax is plain wrong and counterproductive to our economy. As consumers and as citizens concerned about our economy, we should send a clear message to our elected officials. We should tell them to stop going after our middle class and small businesses.