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Tax Increase on Beer Proposed

BEVERLY HILLS, Mich. - The goal is to help abused and neglected children, but what the state would tax to raise money is causing controversy.

Even the thought of increasing the beer tax riles customers at the Beverage Warehouse in Beverly Hills.

We asked beer drinker Bob Marshall what he thought about a nickel a bottle tax. He responded, "Terrible. They hit you up for everything you enjoy."

The current state beer tax equals about two cents on twelve ounces of beer. A state Department of Human Services task force on child welfare is proposing the added beer tax to help pay for early intervention and family support programs aimed at reducing children being placed in foster care.

Patrick Babcock, a former state mental health and social services director, co-chairs the task force. He said, "About 30-percent of kids who age out of foster care, these are the youngsters that are not placed back home or into guardianship or with other family members, will end up in the prison system."

The task force looked for a tax that was resilient to recession and has not been tapped in decades.

"We've recommended an increase in the beer tax, which was last changed 42 years ago and it was reduced. The last increase was about 45 years ago," Babcock said.

The beer and wine wholesalers don't like the idea. "We're certainly opposed to it. It would be a big mistake to talk about raising the beer tax right now. It's going to hit the middle class consumer at a time when they're really struggling," said Michael Lashbrook, president of the Michigan Beer and Wine Wholesalers Association.

Supporters say the nickel a bottle tax could raise as much as a \$100-million a year, but that might be a tough sell with lawmakers given the state's economic climate.

"It's going to cost jobs in the distribution industry, in the hospitality industry at a time where this state can't afford more job losses," said Babcock.

Child welfare advocates argue beer tax revenue spent early on children would save the state considerably in the long run. However, the politicians who must make the decision usually think short term.

"Very tough sell. I wouldn't do it. I wouldn't recommend it," Marshall said.