

Concern Coming To A Head Over Beer Taxes

(NAPS)—It's said the only things certain in life are death and taxes, but few know that taxes on beer account for a whopping 43 percent of the price that consumers pay for a cold six-pack.

Like anyone else, beer drinkers say they're willing to pay their fair share, but taxes on beer have become anything but fair. Fortunately, growing numbers in Congress have recognized it's time to give beer drinkers a break and they're pledging their support in efforts to reduce the federal excise tax on beer from \$18 to \$9 per barrel.

So far, more than 120 members of Congress have joined with their colleagues to support a federal excise tax reduction on beer.

"Reducing the federal excise tax on beer will continue to be a priority for us because it's important to our beer consumers," said Rich Keating, vice president and senior government affairs officer for brewing giant Anheuser-Busch. "Taxes on beer are just too high, and we're encouraged that growing numbers in Congress see it exactly the same way."

While reducing beer taxes by \$9 on a barrel of beer—a barrel is the equivalent of more than 330 cans or bottles—doesn't sound like a lot, this pocket change adds up quickly.

For example, the average beer drinker pays more than \$105 each year in beer excise taxes. Considering this same drinker earns less than \$45,000 in annual household income, lives in a modest home, has a couple of kids and many bills to pay, any extra taxes can hurt.

But it's also easy to see why government isn't in a hurry to reduce excise taxes on beer. For example, total federal, state and local taxes on beer equals \$8.4 billion per year.

Given these high taxes, the government makes more money off each barrel of beer than do brewers. In fact, each barrel of beer pro-



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duces about \$18 in tax revenue while brewers generally only make about \$1 per barrel.

Some in government also argue high beer prices—caused by higher beer taxes—reduce alcohol abuse. But that argument doesn't hold water. When faced with a price increase caused by higher taxes, alcohol abusers can simply switch to a less expensive brand or switch to cheaper alcoholic beverages.

Furthermore, a recent study in the *Journal of Health Economics* confirmed this common sense fact, finding that alcohol consumption levels of heavy drinkers are not influenced at all by price.

Higher beer taxes only end up punishing responsible drinkers. Moderate drinkers—who account for nearly all of the 99 million American adults who drink beer—react to higher prices as most would expect: They cut back. Instead, higher beer taxes work just the opposite of how a fair tax should. They punish moderate drinkers and don't affect consumption levels of alcohol abusers.

Here's what you can do about it. Pick up the phone and call your Congressional representative (202-224-3121 for the switchboard in Congress) or write them to urge them to support the rollback of excise taxes on beer.