



## Study: Taxes Represent 44 Percent Of Price Of Beer

(NAPSA)—Although most people realize they're paying hefty taxes when they fill up their vehicle or pay the phone bill, few are aware that taxes represent 44 percent of the price when they buy beer.

A new study commissioned by Anheuser-Busch shows that beer taxes continue to increase. The study also showed that taxes on beer amount to almost \$25 billion each year—the highest level ever recorded.

Unlike many other products, beer is taxed at all levels of government. The federal government collects \$18 per barrel of beer (about 31 gallons). The Feds also collect additional taxes (e.g., income taxes, payroll) from brewers, which are in turn passed along to consumers in the form of higher beer prices.

States also levy beer taxes. These range from about 25 cents per gallon to nearly \$7 per gallon. In addition, many cities and municipalities levy taxes on the sale of beer. For example, a consumer enjoying a beer or two in a restaurant or bar in Chicago's Navy Pier entertainment area is forced to pay five taxes: federal excise tax, state excise tax, state sales tax, county sales tax and a special Navy Pier entertainment tax.




### Who Pays Higher Beer Taxes

Because, in part, of its moderate price, beer has been seen largely as a beverage of the working man or woman. Nearly 99 million Americans consider themselves beer drinkers, and the vast majority of them drink responsibly.

Taking a closer look, however, shows that beer drinkers—ordinary, hard-working folks—are the ones most hurt by high beer taxes. Consider a typical beer drinker's home. Both parents likely work to provide for their children; there isn't a lot of extra money for luxuries. This typical household's income is about \$45,000 per year, but they pay about \$105 in beer taxes each year.

### Right Idea, Wrong Approach

One of the reasons that beer taxes are so high is that some policymakers believe that it's an effective means of reducing abu-

	Typical Price	Taxes as a % of Price
 Loaf of bread	\$1.59	33%
 Case of beer	\$11.99	44% 

sive alcohol consumption. Unfortunately, attempting to do so by increasing beer taxes isn't effective. When faced with a price increase caused by higher taxes, alcohol abusers can simply switch to a less expensive brand or a cheaper alcoholic beverage.

What's more, a 1995 study in the *Journal of Health Economics* confirmed that alcohol consumption of heavy drinkers was not at all influenced by price. 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.

### Help Is On The Horizon

Increasing numbers of elected officials are beginning to see that alcohol abuse is best addressed through awareness and education efforts, and that increasing excise taxes isn't a viable or sensible option. At the same time, there are growing numbers within Congress who have thrown their support behind measures to reduce Federal excise taxes on beer by 50 percent.

"We remain cautiously optimistic of the chances for a Federal beer tax rollback," said Rich Keating, vice president and senior government affairs officer for Anheuser-Busch. "We're in there fighting for beer drinkers, and we're not going to give up."

It's important for Congressional representatives to understand the views of their constituents on the issue of tax fairness for beer drinkers. To make sure your voice is heard, call your Congressional representative—main number: 202-224-3121—or write to urge their support of a rollback on beer excise taxes.