

Testimony of Anheuser-Busch, Inc.  
Submitted to the Finance, Revenue and Bonding Committee  
Of the Connecticut General Assembly

On Senate Bill 1007  
An Act Concerning the Governor's Recommendations on Revenue

Monday, March 7, 2011

We appreciate the opportunity to submit written testimony in opposition to Section 30 of Senate Bill 1007, An Act Concerning the Governor's Recommendation on Revenue, which proposes a 20 percent increase in the excise tax on beer. While we understand and appreciate the budget deficit situation in the state of Connecticut, we feel that additional taxes on beer are grossly inefficient, unfairly fall on working families who can't afford higher taxes, and ultimately could cost jobs that the state simply cannot afford to lose.

While the Governor is correct in saying that alcohol excise taxes haven't been increased since 1989, the fact is that the beer industry was targeted in the November 2008 Special Session when the state legislature amended the forced deposit bill to provide that the state collect unredeemed deposits. These monies were previously used by the industry to pay for costs associated with the mandated recycling program. This change in policy resulted in an increase in price to the beer consumer. Enough is enough. Hardworking consumers in Connecticut who enjoy a beer after work or at a restaurant or ballgame should not be unfairly targeted again to pay for the state's budget shortfall.

This type of proposal amounts to a double tax on beer since the Governor also is proposing an across the board sales tax increase. Again, we understand the budget situation, and we are not testifying against the broad-based imposition of an increase in the sales tax. But imposing a beer tax increase, on top of a sales tax increase, is exactly the wrong approach when consumers are struggling to make it through this recession.

Beer taxes already are too high. Connecticut currently has higher beer taxes than neighboring states MA, NY and RI. In fact, MA just repealed its sales tax on beer! Due to the recession, beer sales in Connecticut already have declined by 3.5 percent, since 2008, and this proposal would worsen that situation by encouraging residents and visitors to buy beer across state borders. If this happens, the lost beer sales would likely just be the tip of the iceberg because cross-border shoppers often buy more than just one item.

Higher beer taxes will harm jobs. Right now, the state's beer industry directly and indirectly contributes \$1.7 billion to Connecticut's economy, supporting 18,000 jobs and paying \$670 million in wages. Increasing the state's beer tax could lead to layoffs among retailers, brewers, wholesalers and suppliers, creating an even bigger burden on the state to provide unemployment benefits.

Increased beer taxes are inefficient and unfair. Dollar for dollar, beer taxes, compared to broad-based taxes, have about 2.5 times more destructive impact on the economy. Beer taxes are among the least efficient and most damaging taxes that unfairly fall on working families who can't afford higher taxes.

Bottom Line: If taxes must be raised, only the most efficient and least damaging taxes should be utilized. On that count, beer taxes fail completely.

Thank you.