



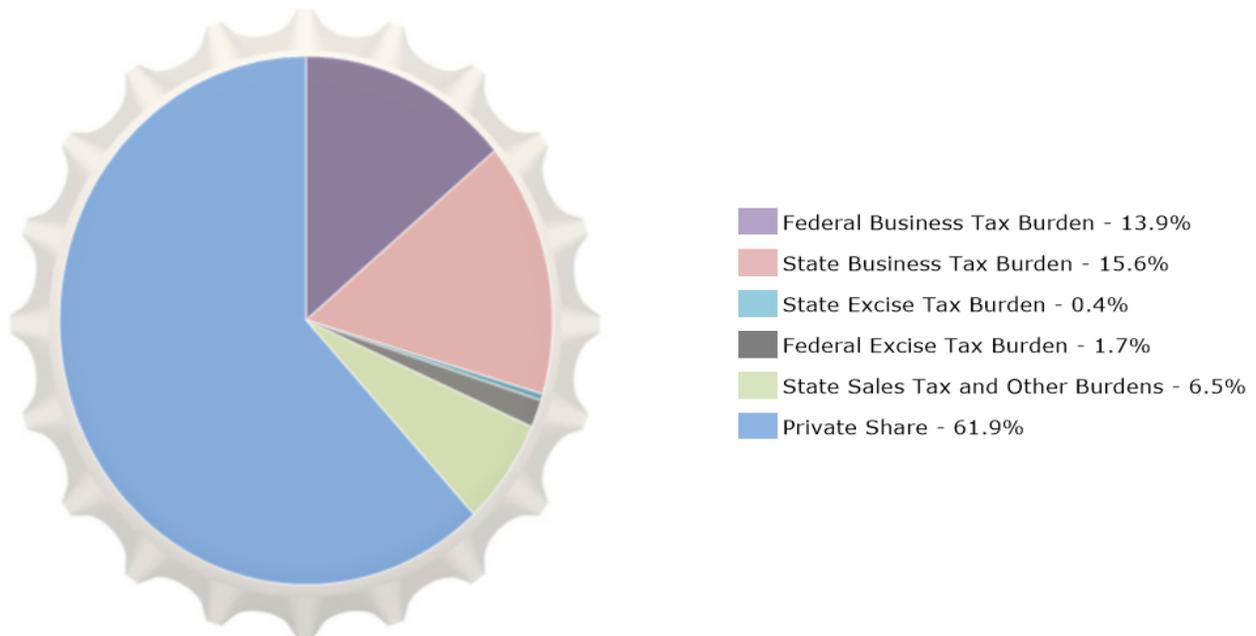
## TAXES ARE THE MOST EXPENSIVE INGREDIENT IN BEER TODAY

The federal government, the Minnesota state government and local governments collect a bevy of special taxes on the production and sale of beer, unlike most consumer products. Many of these, including both the federal and state excise tax, are "hidden taxes," meaning that the consumer is unaware that they are paying them.

Beer is subject to a wide range of hidden taxes including excise taxes at both the state and federal level, as well as other special taxes at both the state and local level. For example, in Minnesota, it is estimated that nearly 38 percent of the retail price of beer goes toward taxes.<sup>1</sup> In other words, if a consumer pays \$2.00 for a beer, nearly \$0.76 of that is being paid directly to the government.

***When all of the taxes on beer in Minnesota are added together, they account for nearly 38 percent of the retail price***

### What Makes Up Beer's Tax Burden



The chart above shows the breakdown of the many taxes levied on the beer industry in Minnesota. When the federal excise tax of \$18 per barrel is combined with state duties, it amounts to about \$0.02 for every dollar spent on beer.

Excise taxes are levied on top of any sales, wholesale, hotel, over-the-bar, and local excise taxes that the various states may charge. These account for \$0.07 on each dollar of beer sold.

Finally, brewers, distributors and malt beverage retailers and their employees are subject to the same personal and business taxes as other industries. In Minnesota, these account for \$0.30 of every dollar spent on beer.

<sup>1</sup> "Beer Serves America: Economic Impact of the Malt Brewing Industry in 2014," prepared by John Dunham & Associates of New York City.