



**BOSTON BEER co.**  
· ESTD. 1984 ·



MARK ANTHONY BRANDS



February 16, 2023

The House Ways and Means Committee  
The Honorable Vanessa Atterbeary, Chair  
The Honorable Jheanelle Wilkins, Vice-Chair  
Members of the Ways and Means Committee

SENT VIA ELECTRONIC MAIL

Dear Committee Members:

Today, we write to oppose House Bill 663, a proposal to reduce the tax rate on canned cocktails made with hard liquor. We represent brewers of all sizes in Maryland and the wholesalers who distribute beer products across the state.

As Maryland considers options to address a large projected budget shortfall, it is questionable how a deep tax cut on hard liquor benefits the state, especially as Maryland businesses and workers continue to recover from the pandemic and record inflation. The proposal lowers the excise tax rate for hard liquor-based canned cocktails in Maryland by 73 percent and based on current alcohol industry sales trends and data, would cost the state more than \$72 million over the next five years. Despite the liquor industry's assurances that the lost tax revenue will be made up and new revenue will be brought in by taking share from beer and hard seltzer, current alcohol industry data show the opposite. Approximately 70 percent of canned cocktail drinkers are switching from wine and spirits, not malt-based beverages.

Will liquor companies lower their prices for consumers? Will the tax cut get passed on to the hospitality industry that so desperately needs help rebuilding? Available evidence suggests the answer is no. As noted in the [Maryland Alcohol and Tobacco Commission 2023 Ready-To-Drink Alcohol Tax Report](#), Michigan and Nebraska passed tax cuts in 2021 for ready-to-drink cocktails under the guise of additional tax revenue and cost-savings for consumers. However, the report found that the reduction of the tax rate for low proof spirits has "not led to an increase of sales of these products to fully offset the revenue

loss, nor as per market data provided to the ATC, did the retail cost of these products change in any beneficial way for the consumer.”<sup>1</sup>

Maryland ranks 23rd in the country in the number of craft breweries. Brewers and beer distributors, many of them family-owned businesses, are important economic contributors with distribution companies throughout the state. The beer industry is an important economic contributor in the state, employing nearly 33,000 Marylanders and contributing more than \$5 billion to the economy. More than \$316 million in state and local taxes are generated from the consumption of beer, while another \$300 million in business and personal taxes are paid to the state and local communities because of beer. Hard liquor simply does not have the same economic impact that our local beer industry does, and a lowering of the excise tax rate for these products gives an unfair tax advantage to an industry dominated primarily by out-of-state companies.

Additionally, this legislation undermines the public safety risks associated with hard liquor. Beer has long been recognized as the beverage of moderation, and policymakers and the public understand that beer and hard liquor are very different products. Consumers know a vodka martini is different than a beer. The average alcohol content (ABV) of a beer is less than 5 percent while the average ABV of a hard liquor drink is more than 36 percent. It is apparent that liquor companies are using canned cocktails to recruit new consumers to their higher ABV, higher priced products as noted by Lawson Whiting, President and CEO of Brown-Forman, maker of Jack Daniels and Woodford Reserve. Whiting said ready-to-drink cocktails serve as a “consumer recruitment vehicle, bringing new consumers of legal drinking age into the Jack Daniel's family as well as the marketing vehicle visibly showcasing the trademark on what we often call ‘cans in hands.” This continues the 40-year push by the liquor industry to put their hard liquor products on the same shelves as beer while downplaying the differences between the products, and directly undermining the responsible drinking campaigns that hard liquor claims to support.

We urge the Committee to oppose this legislation. Hard-earned Maryland taxpayer dollars could be spent on more critical issues facing our state rather than giving a handout to hard liquor.

Thank you for the opportunity to express our collective opinion on House Bill 663.

Respectfully submitted on behalf of:

Anheuser-Busch  
Beer Institute  
Boston Beer Company  
Brewers Association  
Constellation Brands Beer Division  
HEINEKEN USA  
Mark Anthony Brands, Inc.  
Molson Coors Beverage Company  
National Beer Wholesalers Association

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<sup>1</sup> <https://www.beerinstitute.org/wp-content/uploads/2023/02/Ready-to-Drink-Alcohol-Tax-Report-Final-2-17-23.pdf>

