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Nebraska Liquor Commission Rejects Tax Hike on Flavored Malt Beverages

Washington, D.C. – A stealthy attempt to raise taxes on flavored malt beverages by over 1,100% was shot down at a hearing by the Nebraska Liquor Control Commission (NLCC) on Thursday. The NLCC voted 3-0 to uphold the state's current classification of malt beverages that taxes them at the same rate as beer, rather than the higher rate for distilled spirits.

Nebraska taxes currently add 3 cents onto every can of beer and a whopping 35 cents per 12 ounces of distilled spirits. The NLCC ruling rejected an attempt to tax flavored malt beverages, which have a similar alcohol level and brewing process as beer, at the higher 35-cent rate. Americans for Tax Reform and the Center for Fiscal Accountability have calculated that after accounting for excise taxes, corporate income taxes, property taxes, and other federal and state taxes, consumers spend 56.2% of the cost of beer and 79.6% of the cost of distilled spirits paying for government taxes and fees.

“I applaud the NLCC’s ruling to reject this back-door tax hike on consumers throughout Nebraska,” said Grover Norquist, president of Americans for Tax Reform. **“Reclassifying flavored malt beverages as distilled spirits would have added nearly \$2.00 onto every 6-pack of malt beverages and slammed both consumers and the thousands of stores that sell alcohol beverages throughout the state.”**

Advocacy groups, such as Project Extra Mile, that push for higher taxes on alcohol beverages in an attempt to curb underage drinking, prompted the NLCC hearing. The groups argued that the classification of malt beverages as beer contradicted state law, which defines distilled spirits as any product that simply contains distilled spirits. While flavored malt beverages have flavor added through a distilling process, the NLCC sided with a 2005 ruling by the federal Alcohol and Tobacco Tax and Trade Bureau that treats malt beverages as beer and is currently used in forty-seven states.

“This was nothing more than an attempt by nanny state advocates to use a state regulatory body to impose a massive tax increase on adult consumers,” added Norquist. **“Raising the price of malt beverages for Nebraskans would only drive consumers to other product markets or to one of the other 47 states that classify and tax flavored malt beverages as beer.”**

Americans for Tax Reform (ATR) is a non-partisan coalition of taxpayers and taxpayer groups who oppose all tax increases. For more information or to arrange an interview please contact John Kartch at (202) 785-0266 or by email at jkartch@atr.org.

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