



Ohio House of Representatives
Finance Committee
House Bill 49, State Budget

Testimony of MillerCoors
Terrence O'Donnell, Dickinson Wright PLLC

April 5, 2017

Chairman Smith, Vice Chair Ryan, Ranking Member Cera, and Members of the Committee,

We submit this testimony on behalf of **MillerCoors**, which operates a large manufacturing facility in Trenton, Ohio (Butler County), brewing and packaging beer for consumers across the State and the region. Employing almost 600 Ohioans, the brewery utilizes state-of-the-art technology that helps keep the company's product competitive in a very challenging, dynamic marketplace. The brewery has invested tens of millions of dollars in Ohio and has become a valued part of the southwestern Ohio community, supporting a robust network of distributors and retailers. My name is Terrence O'Donnell and I am legislative counsel for the company.

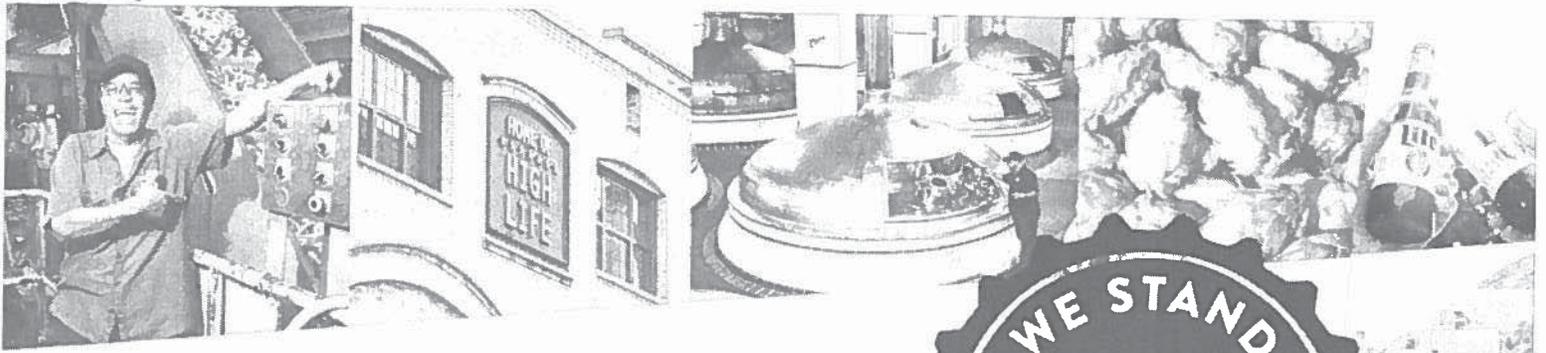
The administration's proposed budget seeks to increase the state tax on beer and wine by 70%, and eliminate the longstanding tax credit for early beer and wine tax payments. MillerCoors is concerned that as proposed, HB 49 will make the Trenton brewery far less competitive. Our analysis demonstrates that by increasing the state beer tax and eliminating early payment tax credits, **the Trenton brewery would pay an additional \$8.1 million in annual state taxation.** This extra tax burden would make the Ohio brewery much less competitive, hampering its ability to invest in new technologies, new products, or new hires. They would also make the facility less competitive within the MillerCoors family of breweries across the country—who often compete amongst each other to produce new product offerings.

Our industry is a significant part of Ohio's economy. Ohio's brewing and related businesses employ over 41,000 workers with wages totaling \$1.05 billion. Jobs among suppliers – ranging from agricultural businesses to construction firms – add another \$1.02 billion in wages to the state's economy. Meanwhile, the businesses that brew, distribute, and sell beer already bear a sizeable tax burden, contributing more than \$377.62 million per year in state and local taxes. And that figure does not include the millions paid by the industry in sales, property, income, and other business tax.

The Administration's budget proposal will jeopardize these jobs and the economic development our industry brings to the state. Our analysis shows that a 70 percent tax hike will result in lost beer sales of roughly 2.33 million cases, negatively impacting workers at retail stores, restaurants, taverns, hotels and entertainment venues throughout the state. All told, we anticipate a loss of roughly 1,493 jobs if the administration's budget proposal becomes law.

In addition, the beer tax provisions in HB 49 will significantly harm Ohio consumers. The average beer consumer's household income in the U.S. is \$53,000 per year, and more than half of all beer is purchased by consumers earning less than \$28,000 per year. These lower to middle-income families will bear the burden of the beer excise tax increase at a time when expenses for other goods and services – gasoline, milk, medical care, and public transportation – are on the rise. As a result, Ohioans will look for alternative beer sources across the border in the lower tax states of Pennsylvania, Indiana, Illinois, and Kentucky. This inevitable increase in cross-border sales will have the effect of further reducing state tax revenue.

In sum, Ohio faces a wide variety of economic uncertainties ranging from lower job security, to higher energy prices, and spiraling costs for food and other essentials. Now is simply not the time to raise taxes on Ohio businesses and consumers. We urge the Committee to take these impacts into consideration as it works to improve the budget. Thank you for the opportunity to testify and I am happy to take questions.



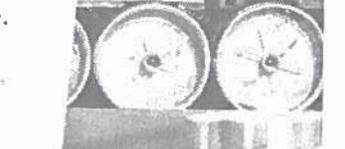
THE ECONOMIC IMPACT OF INCREASED TAXES IN OHIO

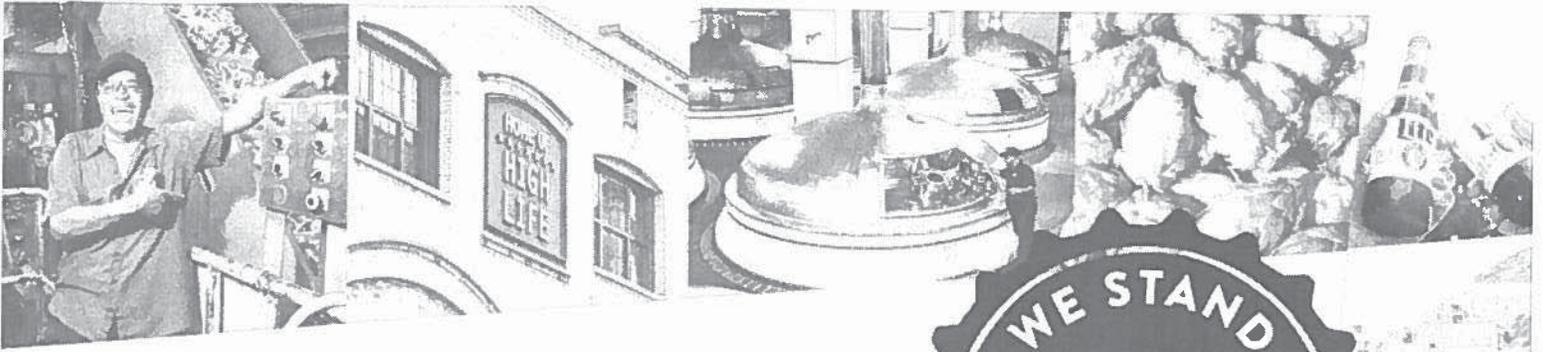
A \$3.89 a Barrel Tax Increase Results In a \$0.53 Per Case Price Increase

The State of Ohio is considering beverage alcohol taxes to pay for budget shortfalls resulting from high levels of state spending. One of these proposals is for a \$3.89 per barrel state excise tax increase. By the time this tax is passed through to consumers, however, the impact will be closer to \$7.34 per barrel. That is a \$0.24 per gallon, \$0.53 per case, or \$0.13 per 6-pack increase. This will harm Ohio's economy, hurt jobs within the beer industry and industries that supply it, hurt Ohio's working poor and raise relatively little in additional revenue.

A 70.0 percent increase in the state excise tax on beer could result in jobs, sales and income losses.

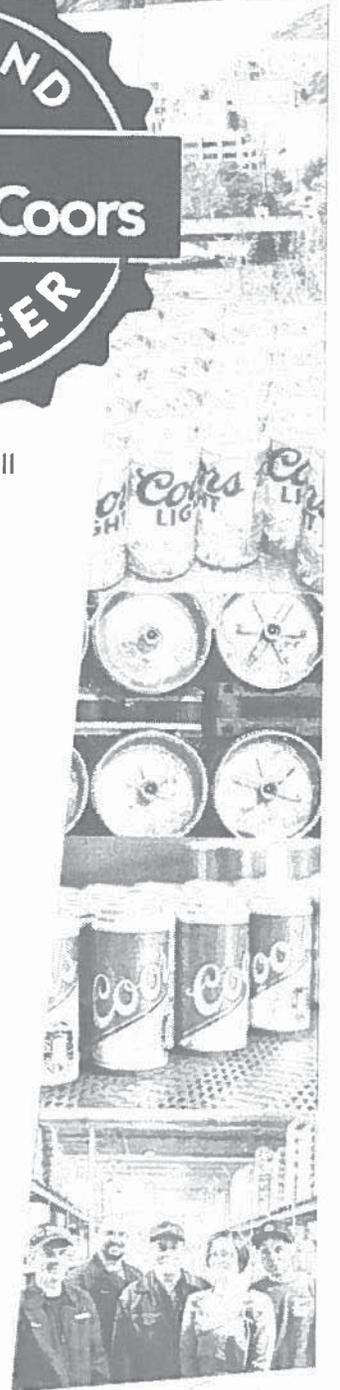
- Raising beer taxes in Ohio by 70.0 percent will marginally increase revenues, but at a high economic price. It is estimated that the tax increase will result in lost sales of 2.33 million cases impacting workers at retail stores, bars, restaurants and other venues. It is likely that roughly 709 retail jobs will be lost as a result of this tax.¹
- A \$3.89 per barrel state excise tax increase could cost the State of Ohio an estimated \$179.63 million due to a decline in sales and the resulting decreased need for raw materials (i.e. corn, hops and malt) and packaging materials (i.e. glass and aluminum). At the same time, the tax will raise only about \$38.54 million resulting in a net loss to Ohio's economy of \$141.09 million, after taking all of the effects into account.²
- If Ohio were to raise its state excise tax on beer by 70.0 percent, more people in the state could lose their jobs. The state could lose a total of 1,493 simply as a result of this tax hike.
- Lawmakers should not enact job-killing tax increases, especially in these uncertain economic times. With 254,825 people already struggling to find jobs in the state, now is not a good time to add more people to the unemployment lines.³



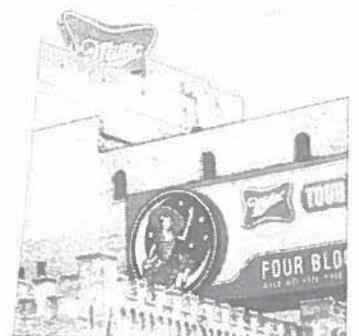


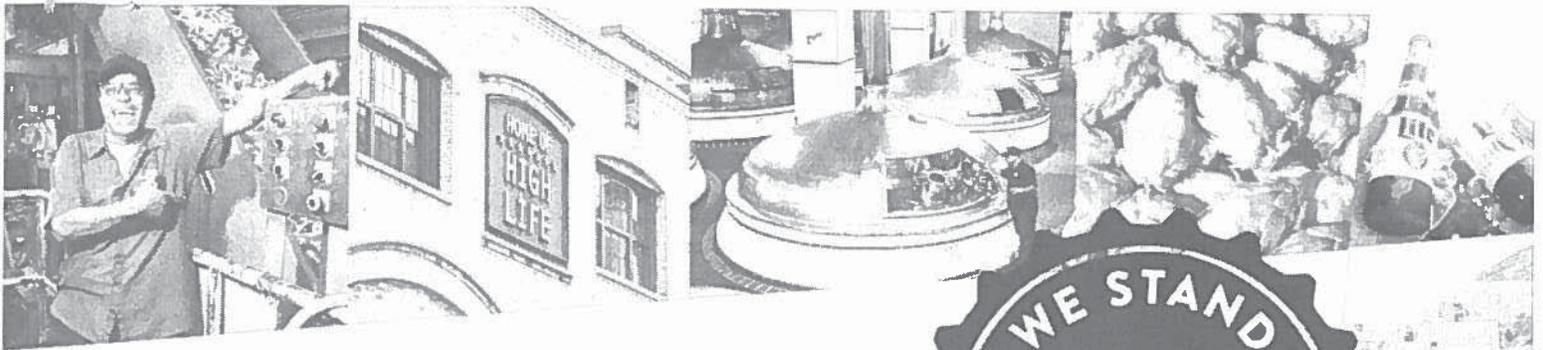
The profitability of cross-border sales could increase

- This tax increase proposal will decrease sales by 2.33 million cases which will lead to \$12.47 million less in business and excise tax revenue from the sale of beer in Ohio.⁴
- By driving cross-border sales of beer, the tax will benefit border-states with lower tax rates like Pennsylvania, Indiana, Illinois and Kentucky.
- All told 2.67 million cases of beer would be purchased from these lower tax jurisdictions.
- Lost sales following the tax increase will cost Ohio over \$20.88 million in revenues.



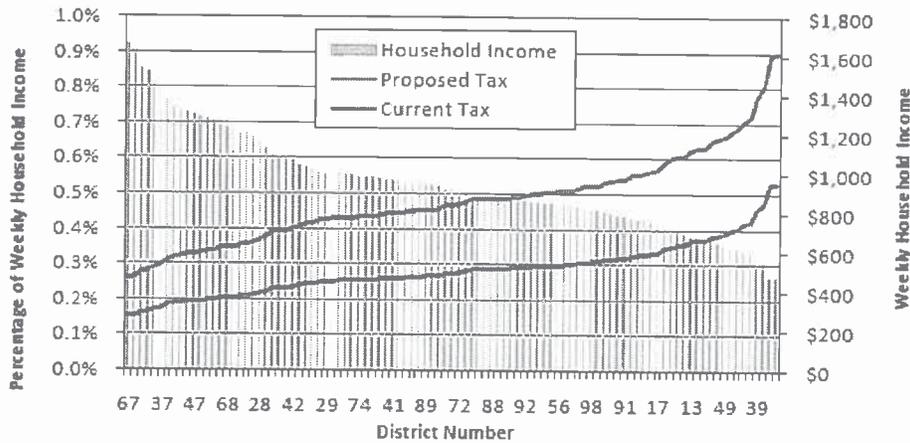
¹ Based on a model prepared on behalf of MillerCoors by John Dunham and Associates, Inc., New York, 2013, and data from the Bureau of Labor Statistics for the Leisure and Hospitality sector.
² The tax would raise just 0.05 percent of the state's \$76.29 billion budget, based on 2013 spending levels.
³ The Bureau of Labor Statistics. Available on-line at: www.bls.gov/lau/home.htm. Data for November-15.
⁴ Based on a model prepared on behalf of MillerCoors by John Dunham and Associates, Inc., New York, 2013. Also see: Moody, J. Scott and Wendy Warcholik, How Tax Competition Affects Cross-Border Sales of Beer in the United States, Background Paper 44, Tax Foundation, March 2004.



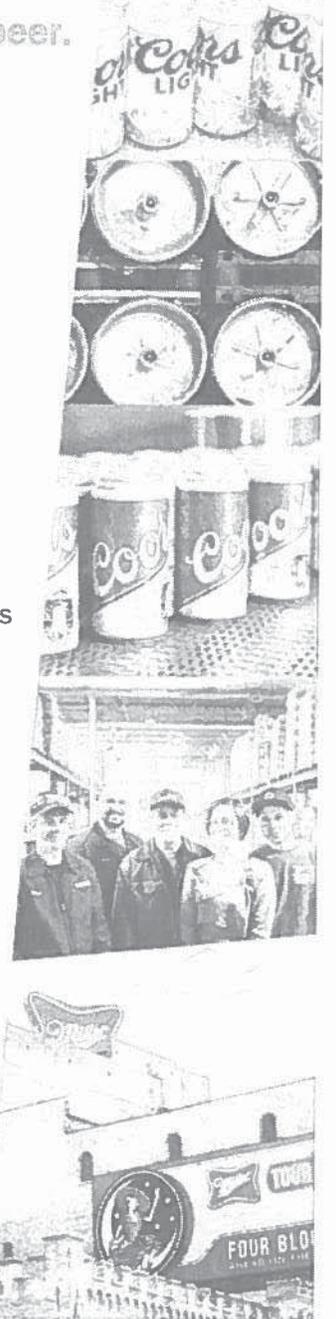


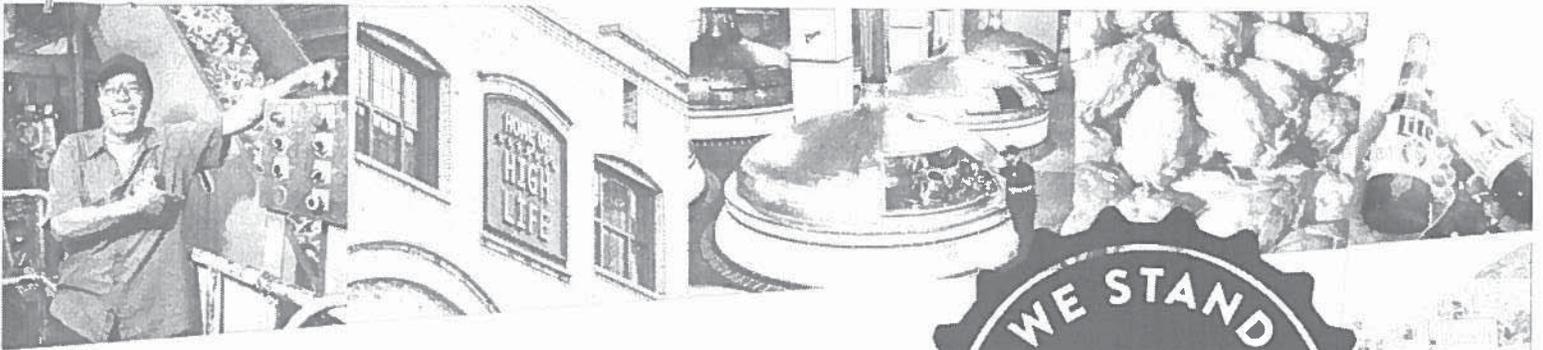
BEER TAXES ARE REGRESSIVE IN OHIO HOUSE DISTRICTS

A \$3.89 per barrel state excise tax increase will result in a \$0.53 rise in the purchase price of a case of beer.

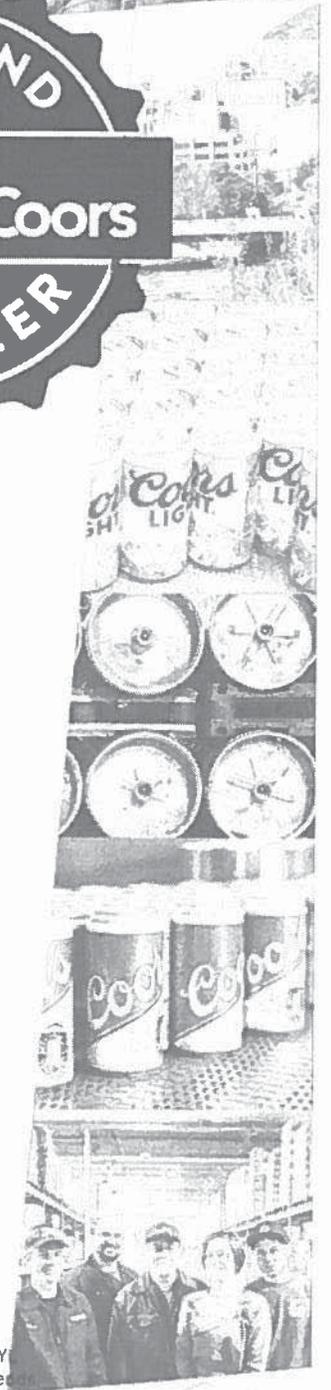


- The burden of the beer excise tax in Ohio is 248.0 percent higher for residents who live in House District 10, the part of Ohio with the lowest per capita income, than for those residents who live in House District 67, the part of Ohio with the highest average income.¹
- A report by the Institute on Taxation and Economic Policy found that most state and local tax systems take a larger share of income from middle and lower income families than from the wealthy. In addition, state and local tax systems have become more regressive over the past decade, due to the increased use of consumption taxes, such as excise taxes on beer.²
- In addition, most of the job losses that might result from a beer tax increase would likely occur in lower-paying occupations such as wholesale and retail sales. For lower-income wage earners, these jobs are hard to come by and even harder to replace, especially in an economic climate where unemployment averages nearly 4.5 percent.





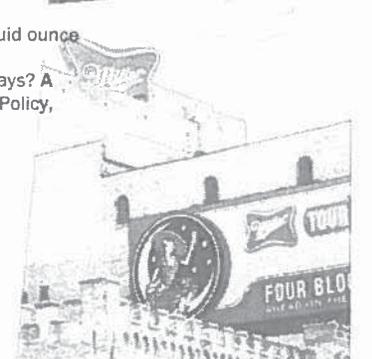
- In these difficult economic times, politicians should pause before they raise taxes on Ohio residents who are least able to pay, especially beer consumers, more than half of whom are with household incomes averaging just \$28,000³ – hardly members of the one-percent.

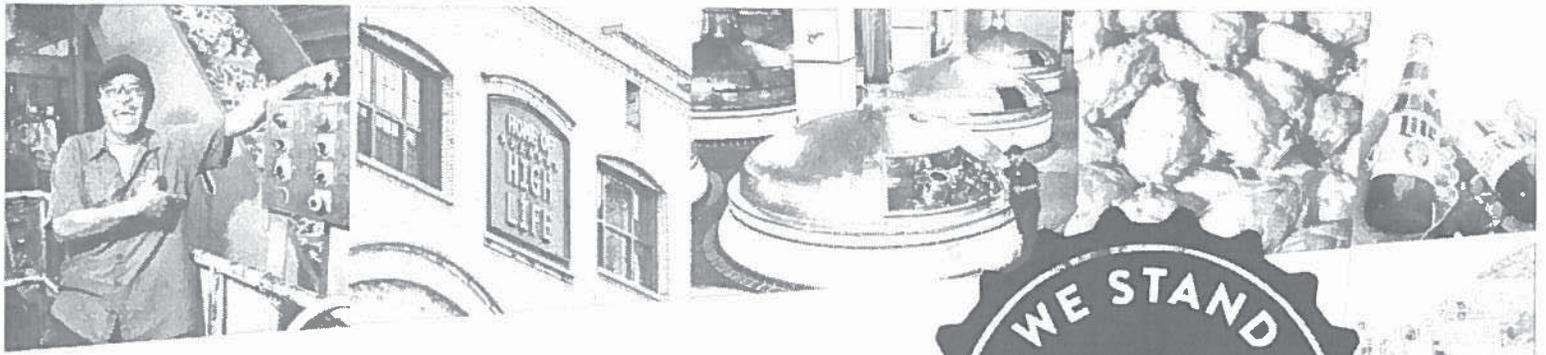


¹ Per capita income data by Legislative District are from Caliper Corp., 2010. Data are based on the cost for an adult who consumes 6.24 cases of beer a year. This was the average consumption for adult Americans in 2009, the last year for which data are available. For consumption data see: LaVallee, Robin, and Y Hsiao-ye, Surveillance Report #92, Apparent Per Capita Alcohol Consumption: National, State, And Regional Trends 1977-2009, The National Institute on Alcohol Abuse, August 2011), available on-line at <http://pubs.niaaa.nih.gov/publications/Surveillance92/CONS09.pdf>. A case of beer is defined as 24 12 fluid ounce bottles or cans. Tax rates based on tax for packaged product and the highest alcohol level.

² Davis, Carl, Davis, Kelly, Gardner, Matthew, McIntyre, Robert, McLynch, Jeff and Alla Sapozhnikova. Who Pays? A Distributional Analysis of the Tax Systems in All 50 States, 4th Edition. Institute on Taxation and Economic Policy, Washington, D.C., January 2013.

³ MillerCoors proprietary behavioral tracking study, 2007.





OHIO RESIDENTS PAY \$7.48 BILLION IN HIDDEN TAXES

According to the National Conference of State Legislators, tax burdens should be explicit, not hidden. Taxes that are designed to be "passed through" to consumers provide less accountability than taxes that are paid openly and directly.¹ Simply put, saddling constituents with high hidden taxes is poor tax policy, and in this respect, Legislators have failed in their responsibility to voters.

Ohio is no exception. All told, taxpayers in the state paid \$7.48 billion in hidden taxes versus \$19.54 billion in visible taxes like income, property and estate taxes. Raising the beer tax by 70.0 percent will only exacerbate the problem.

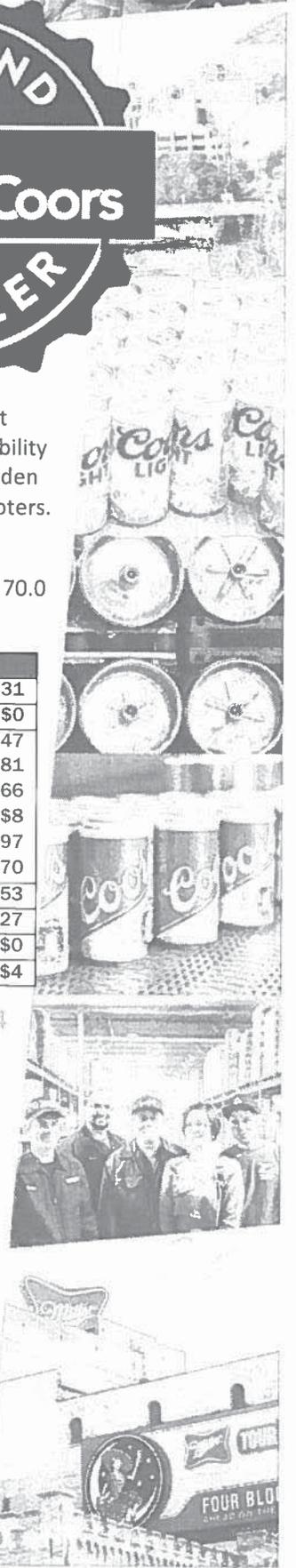
Types Of Taxes	Total Tax Paid (\$ 000)	Per Capita Tax Paid
Total Taxes	\$27,020,625,000	\$2,331
Property Taxes	\$0	\$0
Sales and Gross Receipts Taxes	\$15,617,920,000	\$1,347
General Sales and Gross Receipts Tax	\$10,217,826,000	\$881
• Total Selective Sales Taxes	\$5,400,094,000	\$466
• Alcoholic Beverages	\$98,397,000	\$8
• Public Utilities	\$1,125,461,000	\$97
• Tobacco Products	\$815,532,000	\$70
Total Licenses and Fees	\$2,928,276,000	\$253
Individual Income Taxes	\$8,424,843,000	\$727
Corporation Income Taxes	\$0	\$0
Other Taxes	\$49,586,000	\$4

Ohio Taxpayers Paid Over 27.7 Percent of State Revenue in Hidden Taxes in 2014

- Taxpayers in Ohio paid more than \$2,330 per capita in state taxes for the year 2014. While most people understand the amount of income and property taxes they pay, few individuals understand the magnitude of other less obvious taxes that are collected over the course of the year.
- Beer excise taxes are hidden in the retail price of a six-pack, case or keg. Although most taxpayers know that beer taxes are levied, it is difficult to know how much tax is levied on beer and how much is paid annually.
- In fact, hidden taxes account for a considerable portion of the taxes and fees paid by Ohio's taxpayers annually.²

¹ Tax Policy Handbook for State Legislators, Third Edition. National Conference of State Legislatures, February 2010

² MillerCoors proprietary behavioral tracking study. 2007.





OHIO'S ALCOHOL TAX IS A BAD IDEA

Proposal Will Hurt Both Jobs and Economic Development

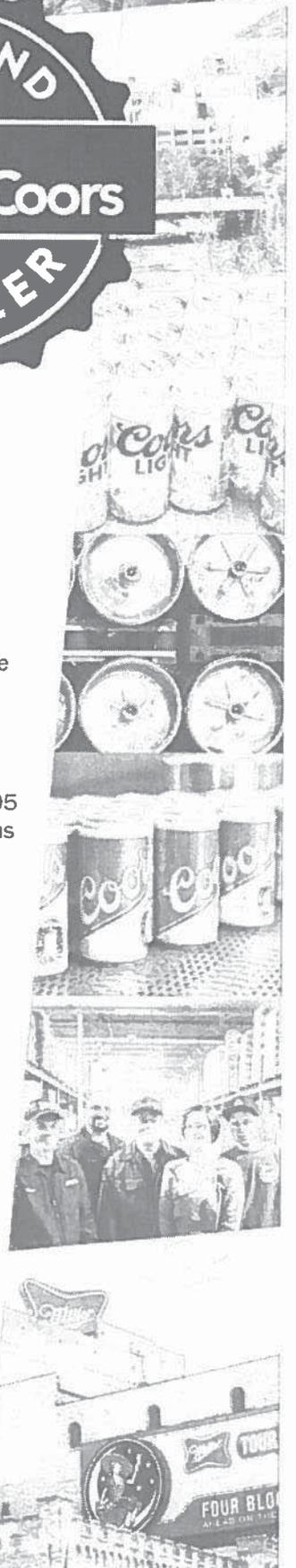
Columbus— It's been done before with severe consequences. In 1991, the Federal government raised excise taxes on beer and nearly 60,000 jobs were lost in the wholesaling, retailing and brewing industries nationwide. It's a history lesson we should not repeat here in Ohio. Particularly at a time of high unemployment when every job counts!

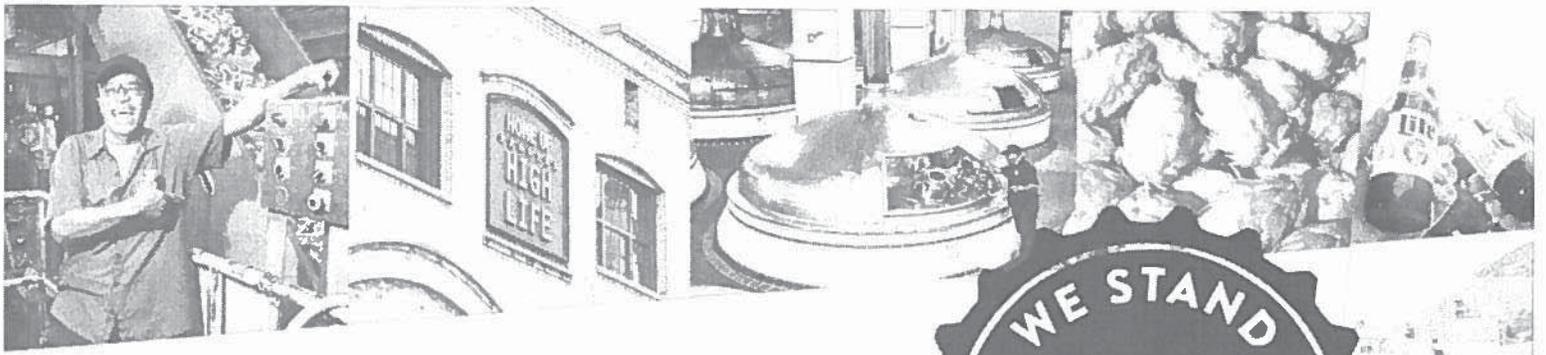
Facing economic challenges over the last few years, state officials have scrambled to plug holes in the budget. Looking for a quick fix, they've set their sights on increasing the tax on beer. While the tax is directed at brewers, importers, beer wholesalers and retailers, the government would actually hit the wrong people at the wrong time. This is really a hidden tax that will be passed on to consumers at the point of purchase.

Ohio's brewing and related businesses employ 41,728 workers with wages totaling \$1.05 billion. Jobs among suppliers – ranging from agricultural businesses to construction firms – add another \$1.02 billion in wages to the state's economy.

Meanwhile, the businesses that brew, distribute, and sell beer already bear a sizeable tax burden. With a combined state consumer sales and excise tax rate of roughly 8.0 percent, Ohio's beer-related businesses contribute more than \$377.62 million per year in state and local taxes. And that figure does not include the millions paid by the industry in terms of sales, property, income and other business taxes. In fact, brewers, wholesalers and retailers in the state pay almost 37.7 cents from every dollar that they receive from consumers to state and local governments. By comparison, brewers who make the beer receive only about 3-cents per every dollar in sales as profits. That means that the State of Ohio collects 12.6 times the amount in taxes than the brewers make in profits!

With an economy sputtering along in Ohio, most residents - working families, college graduates just starting their careers, senior citizens on fixed incomes, single parents - are worried about their futures. Ohio faces a wide range of economic uncertainties ranging from lower job security, to higher energy prices, and spiraling costs for food and other essentials. Now is simply not the time to raise taxes on the state's residents.





RAISING OHIO'S BEER TAX RATE IS A BAD IDEA



Consumers Already Pay MORE Than Their Fair Share

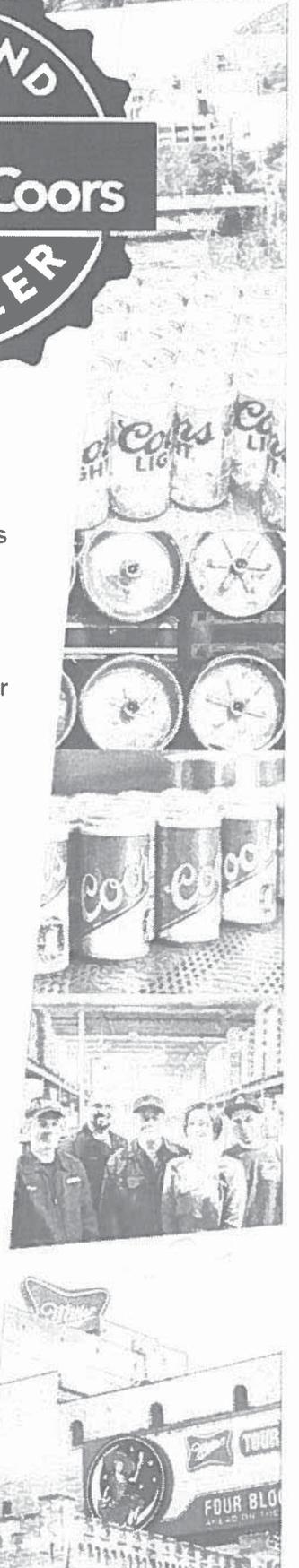
These are financially challenging times. From a consumer's perspective, everything from gas to groceries is much more expensive, and there does not seem to be any relief in sight. Making ends meet is getting tougher. I know this is true for my family, and for many of my friends and neighbors as well.

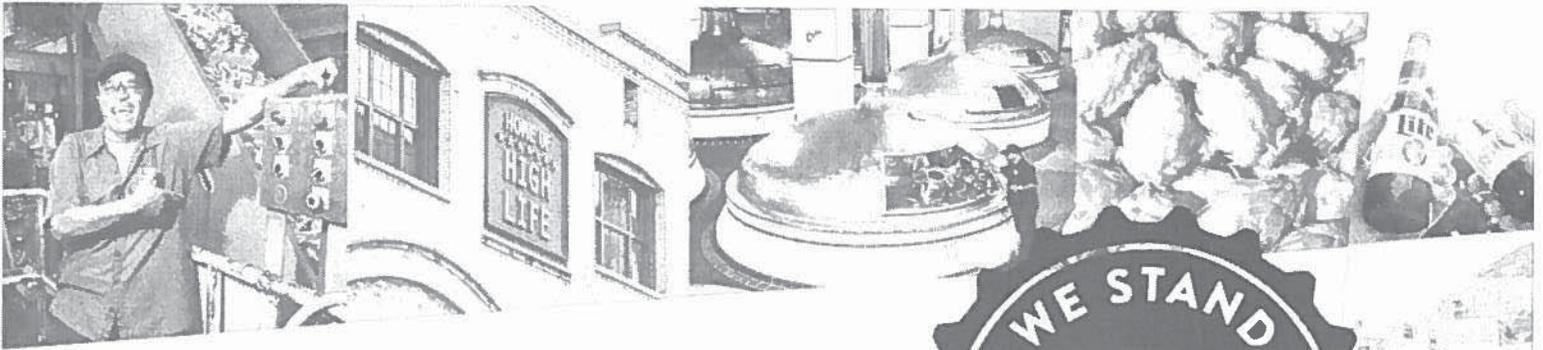
The last thing I want to see is higher prices on my favorite beer - especially if the increase has nothing to do with the cost of raw materials or better wages - and everything to do with lawmakers not making the tough choices to live within their means - just like hardworking families must do every single day.

Taxes are already the single most expensive component in beer prices, the bulk of which is being shouldered by middle-class, adult consumers like me. In fact, excise taxes are among the most unfair taxes on the books, placing the greatest burden on those with the least ability to pay. Further, people whose family incomes are at the poverty level bear a tax burden from beer excise taxes nine times higher than those with family incomes of \$200,000 per year.

Every time I buy a six-pack of beer, I'm already paying more than my fair share. As a taxpayer and a voter, it is my belief - and the belief of many of my friends and neighbors - that the Ohio House must find a better way to plug the budget gap without adding another tax on people who are already struggling to balance their own checkbooks.

Before raising my taxes, I want assurance from my elected officials that every dollar raised in tax revenue is not only going to a program that is necessary, but is also being spent as efficiently as possible. I know there is a great deal more my elected officials can do to ensure this; before enacting additional tax increases upon their residents.





RAISING OHIO'S BEER TAX IS A BAD IDEA

Call for Higher Taxes Won't Raise Big Revenue and Will Cost Union Jobs

In these difficult economic times, with such high levels of unemployment, are Ohio legislators seriously going to put more jobs at risk?

That's what is likely to happen if they tap the beer industry for additional tax dollars. Over the past five years, we've watched Ohio lose some 149,100 jobs. We cannot afford to lose anymore.

And history shows higher taxes on beer have a direct effect on employment. When the federal government doubled the beer tax in 1991, nearly 60,000 jobs were lost in the brewing, wholesaling and retailing industries nationwide.

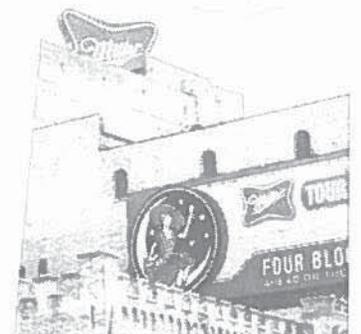
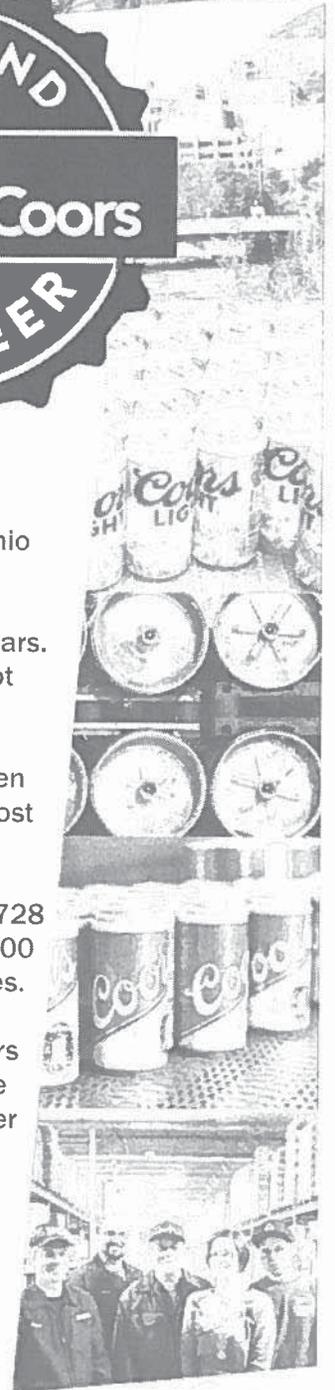
Ohio's beer importers, wholesalers, retailers and brewers provide more than 41,728 individuals with good, family-supporting jobs. Our suppliers employ another 14,100 in jobs ranging from construction and finance to agriculture and business services.

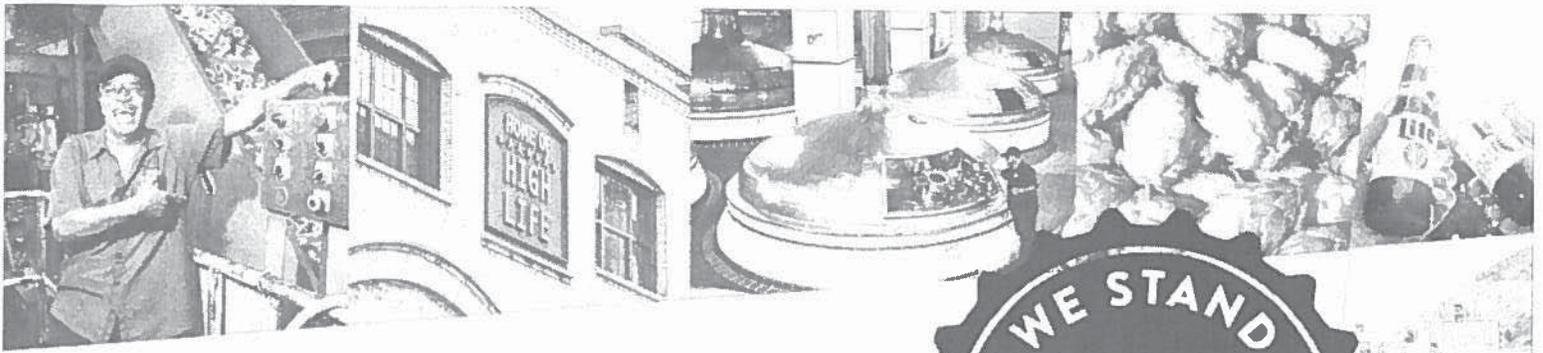
With average wages of \$32,600, the beer industry provides many union members with good and stable jobs and wages – until, that is, the government tries to take more than its fair share. And in an industry that already pays \$985.09 million per year in state and local taxes, any additional tax burden threatens both union workers and beer consumers

Elected officials need to reconsider raising beer taxes and protect union jobs.

Signed,

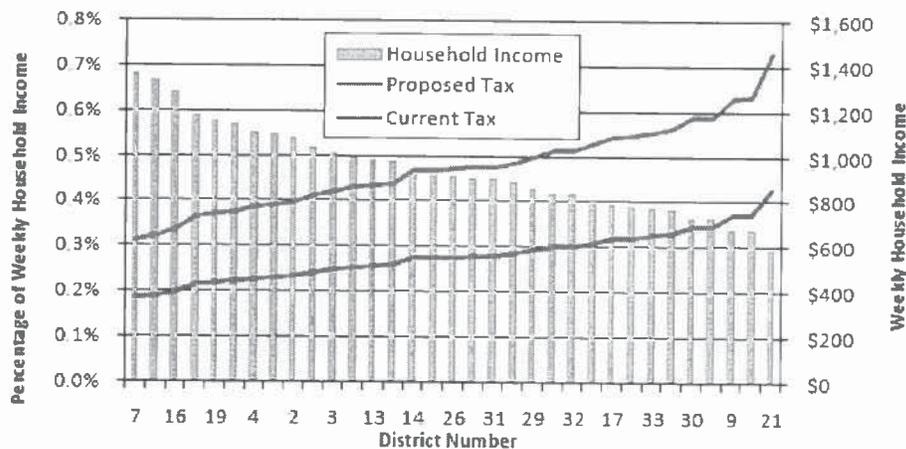
Union Leader





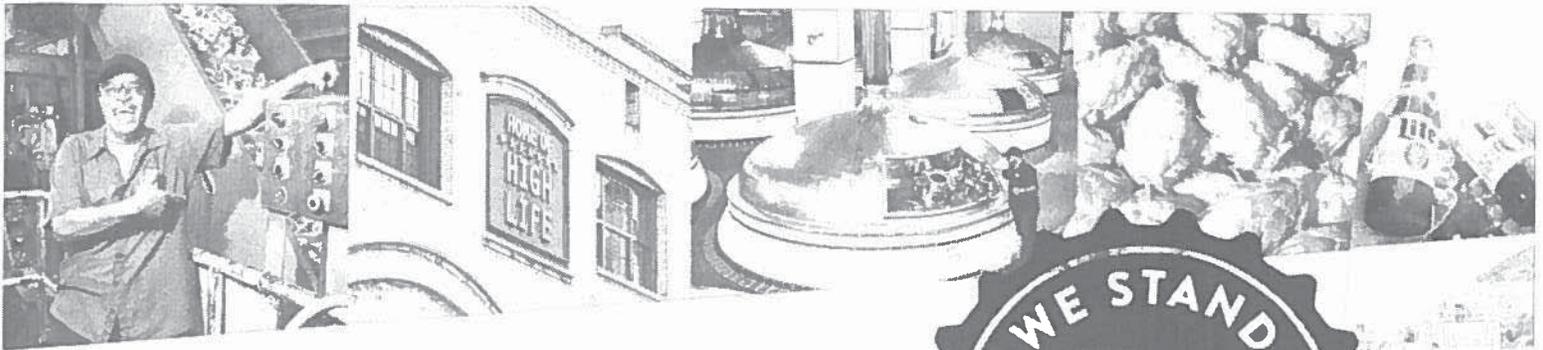
BEER TAXES ARE REGRESSIVE IN OHIO SENATE DISTRICTS

A \$3.89 per barrel state excise tax increase will result in a \$0.53 rise in the purchase price of a case of beer.



- The burden of the beer tax in Ohio is 132.2 percent higher for residents who live in District 21, the part of the state with the lowest per capita income, than for those residents who live in Senate District 7, the part of the state with the highest average income.¹
- A report by the Institute on Taxation and Economic Policy found that most state and local tax systems take a larger share of income from middle and lower income families than from the wealthy. In addition, state and local tax systems have become more regressive over the past decade, due to the increased use of consumption taxes, such as excise taxes on beer.²
- In addition, most of the job losses that might result from a beer tax increase would likely occur in lower-paying occupations such as wholesale and retail sales. For lower-income wage earners, these jobs are hard to come by and even harder to replace, especially in an economic climate where unemployment averages almost 4.5 percent.





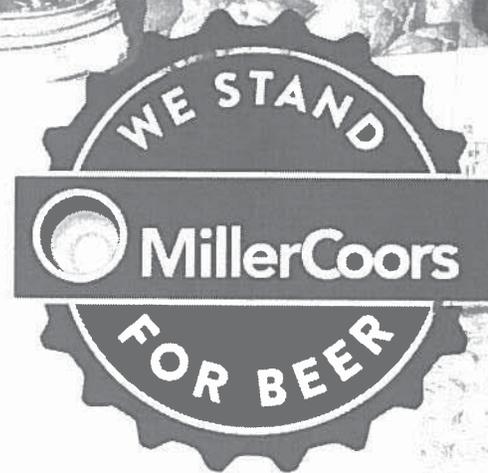
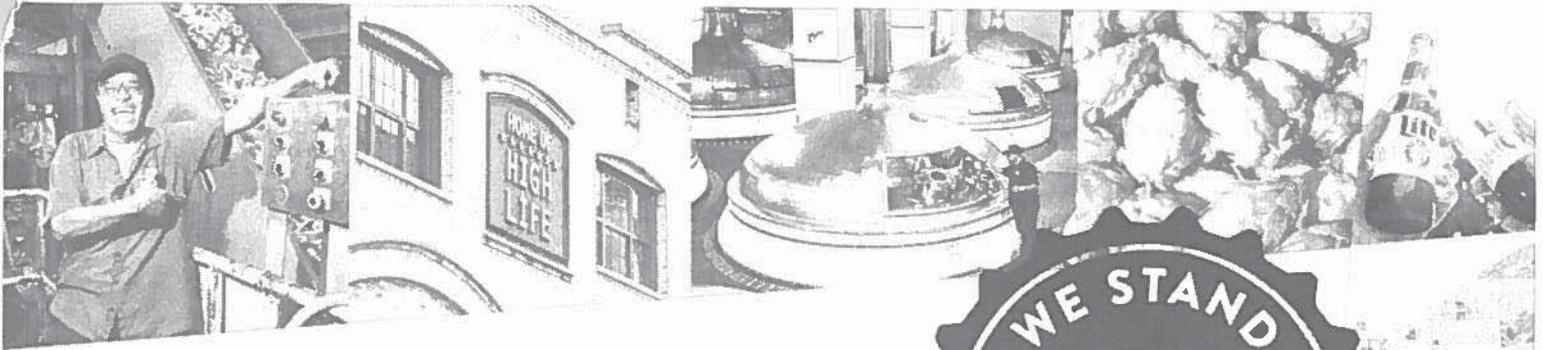
- In these difficult economic times, politicians should pause before they raise taxes on Ohio residents who are least able to pay, especially beer consumers, more than half of whom are with household incomes averaging just \$28,000,³ hardly members of the one-percent.



¹ Per capita income data by Legislative District are from Caliper Corp., 2010. Data are based on the cost for an adult who consumes 6.24 cases of beer a year. This was the average consumption for adult Americans in 2009, the last year for which data are available. For consumption data see: LaVallee, Robin, and Yi, Hsiao-ye, Surveillance Report #92. Apparent Per Capita Alcohol Consumption: National, State, and Regional Trends, 1977–2009. The National Institute on Alcohol Abuse, August 2011), available on-line at <http://pubs.niaaa.nih.gov/publications/Surveillance92/CONS09.pdf>. A case of beer is defined as 24 12 fluid ounce bottles or cans. Tax rates based on tax for packaged product and the highest alcohol level.

² Davis, Carl, Davis, Kelly, Gardner, Matthew, McIntyre, Robert, McLynch, Jeff and Alla Sapozhnikova. Who Pays? A Distributional Analysis of the Tax Systems in All 50 States. 4th Edition. Institute on Taxation and Economic Policy, Washington, D.C., January 2013.

³ MillerCoors proprietary behavioral tracking study, 2007.



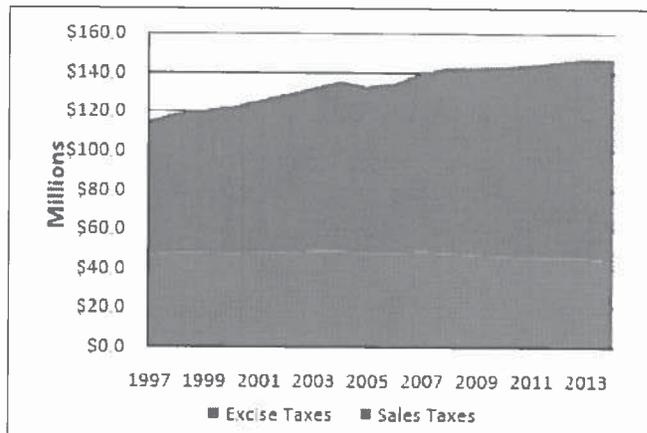
BEER CONSUMERS ALREADY PAY THEIR FAIR SHARE, YET BEER TAX REVENUES CONTINUE TO RISE

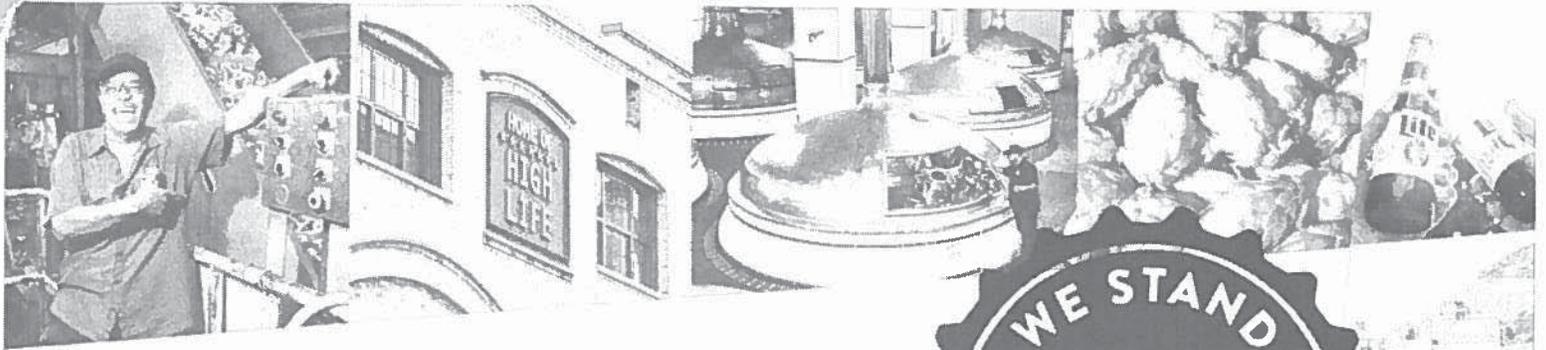
Several organizations have called on Ohio's legislature to raise taxes on beer. In making their case, these organizations argue the state has not raised its beer tax rate since 2011, and is due for an increase. These organizations fail to acknowledge that even without an excise tax rate increase, beer consumers are paying 9.2 percent more in beer taxes today than they were in 2004.

Beer consumers are already paying more than their fair share.

- Taxes paid by beer consumers are already the most expensive ingredient in beer - around 37.7 percent of the total retail price in Ohio.¹
- Ohio's tax revenues from beer have increased for the past few years.²In addition to collecting tax revenues from beer sales, the state collects other fees and taxes on the income, profit and operations of employees and companies involved in the wholesale and retail sale of beer. All totaled, annual taxes generated from the sale of beer in the State of Ohio have increased by \$12.48 million or 9.2 percent between 2004 and 2014.
- The chart below shows revenues from sales based taxes. While the excise tax rate has not increased over the time period shown, revenues have increased.³

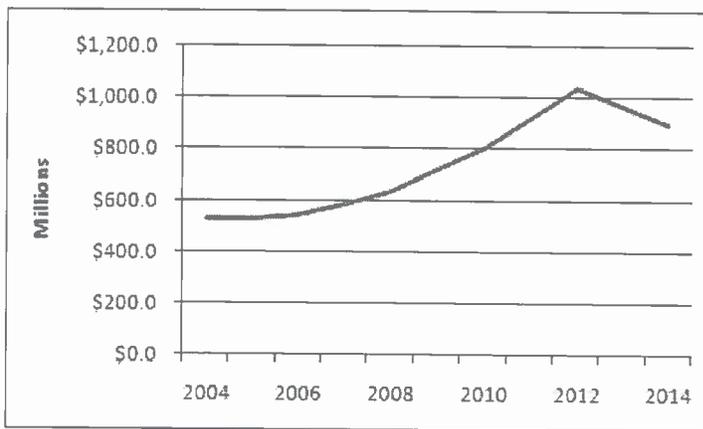
Excise Sales and Other Consumption-Based Taxes





- Currently, the total tax on a can or bottle of beer in Ohio has reached 37.7 percent, which means that the tax paid on a \$4.00 beer would be \$1.51.
- In 2014 wholesalers, retailers and brewers in Ohio generated over \$377.62 million in property, income, sales, excise and other taxes to Ohio. This is equal to \$9,050 per employee. These revenues will be jeopardized if the state raises the excise tax, as the resulting lower sales volumes will reduce jobs, incomes and profits.

All Taxes from Beer Sales and Production



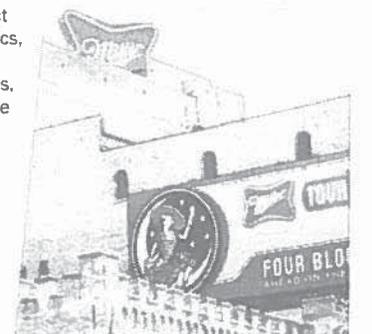
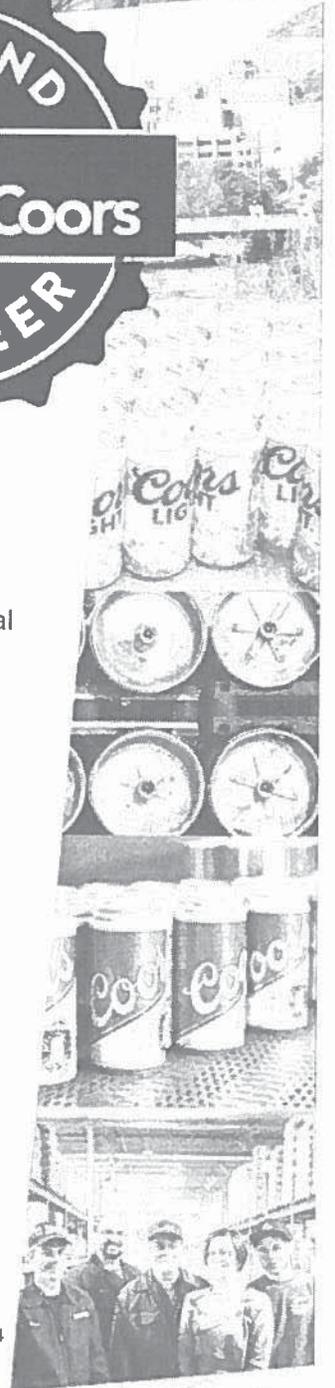
- Raising the excise tax on beer in Ohio will put as many as 75,260 jobs at risk and will ultimately reduce tax revenues resulting from this economic activity.⁴

¹ John Dunham and Associates, Inc. calculations for the state.

² John Dunham and Associates calculations based on state revenue data and beer industry economic impact studies. Price and inflation figures are obtained from the US Department of Labor, Bureau of Labor Statistics, online at <http://data.bls.gov/cgi-bin/surveymost>.

³ Based on the average retail price of a 16 ounce can of beer. While most beer is sold in 12 ounce containers, 16 ounces is the standard used by the US Department of Labor, Bureau of Labor Statistics. Calculations use the current sales tax rate.

⁴ Beer industry employment is taken from the Beer Serves America prepared for the Beer Institute by John Dunham and Associates, 2012.





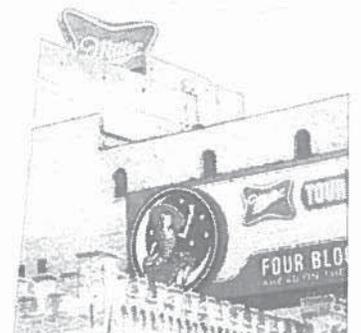
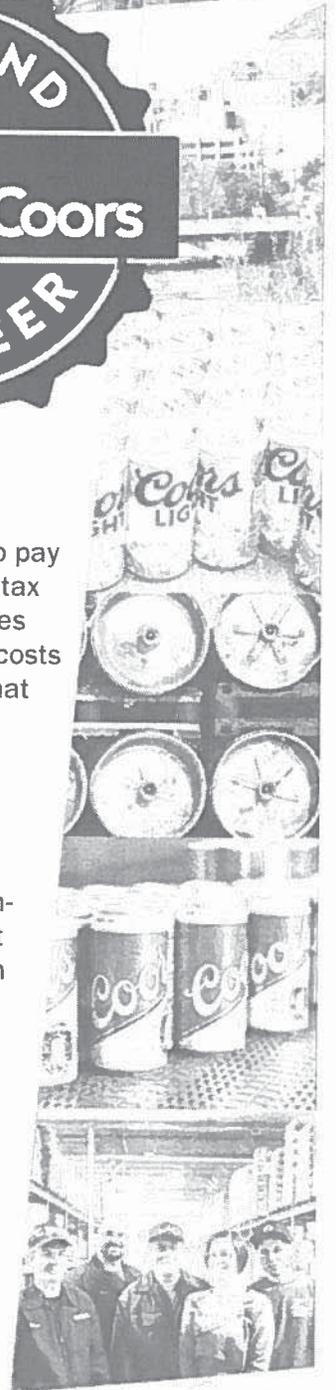
HIGHER TAXES INCREASE CROSS-BORDER BEER SALES

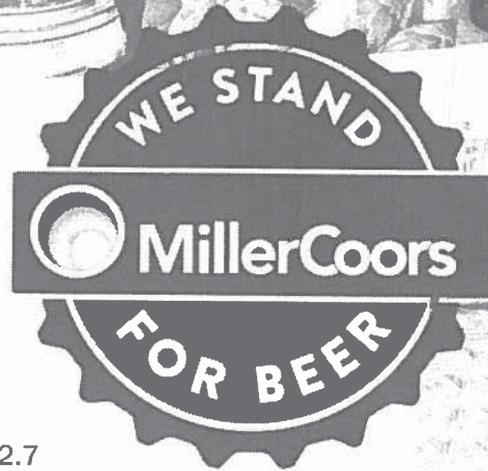
A \$3.89 per barrel state excise tax increase will raise beer case prices by \$0.53

The State of Ohio is considering an increase in beverage alcohol taxes in order to pay for higher state government spending. The proposal to increase the state excise tax by \$3.89 per barrel (\$0.28 per case, \$0.07 per 6-pack) will actually drive up prices \$7.34 per barrel (\$0.53 per case, \$0.13 per six-pack) by the time the increased costs are passed along to consumers. This will encourage cross-border sales of beer that will reduce state revenues.

Many alternative beer sources are available to Ohio's consumers.

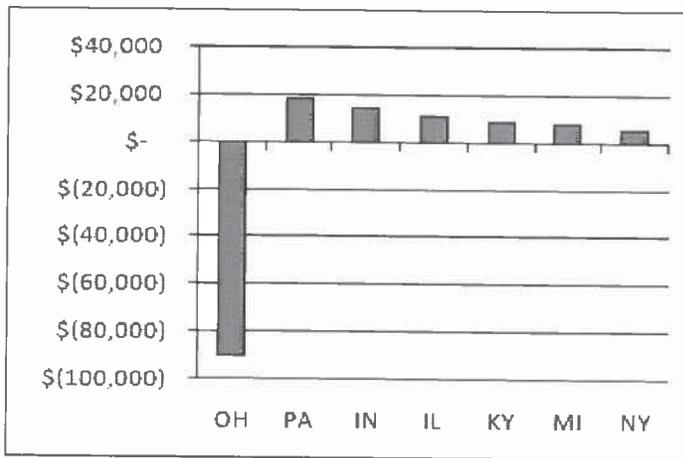
- Many people purchase beer from retailers in lower tax border states, non-taxed Native American territories or even online. A Tax Foundation report suggests that in 2000, nearly 19.9 million cases of beer moved between high- and low-tax states. Such cross-border sales accounted for almost two percent of beer sold in lower tax states, and allowed them to raise almost \$25 million in excise and sales taxes from residents of their higher tax neighbors.¹
- A more recent analysis of the U.S. beer market conducted for MillerCoors found that in 2012, cross-border sales had increased to nearly 2.4 percent of the total beer market.²
- The State of Ohio is not exempt to cross-border shopping. We estimate that about 8.71 million cases of beer are exported out of Ohio. This benefits the State of Ohio by bringing additional taxes from other jurisdictions. A 70.0 increase in the Ohio state excise tax rate will increase the cross-border differentials, costing the state sales and revenues.
- With this tax increase, it is expected that consumers will go to the lower tax states of Pennsylvania, Indiana, Illinois, and Kentucky to purchase beer.



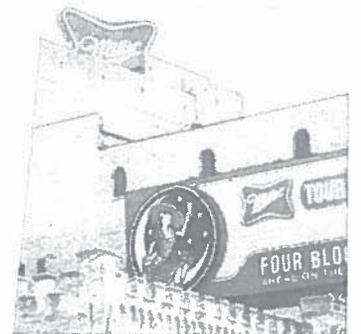
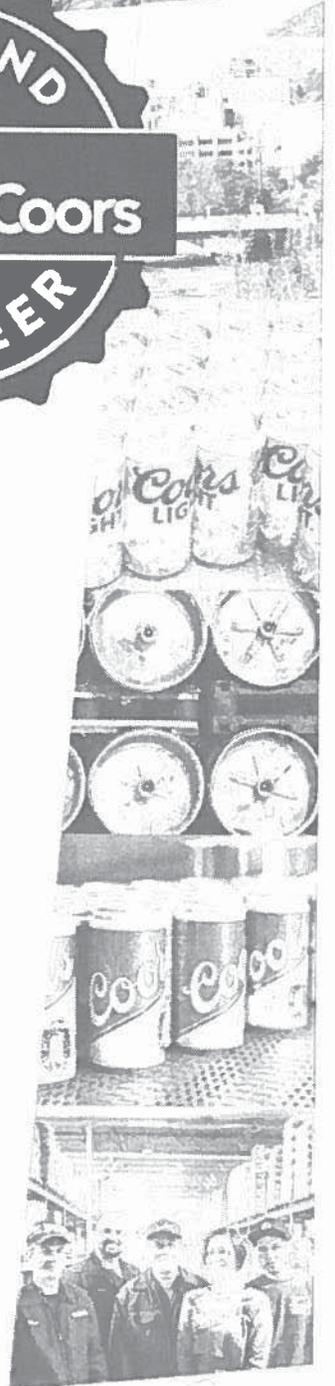


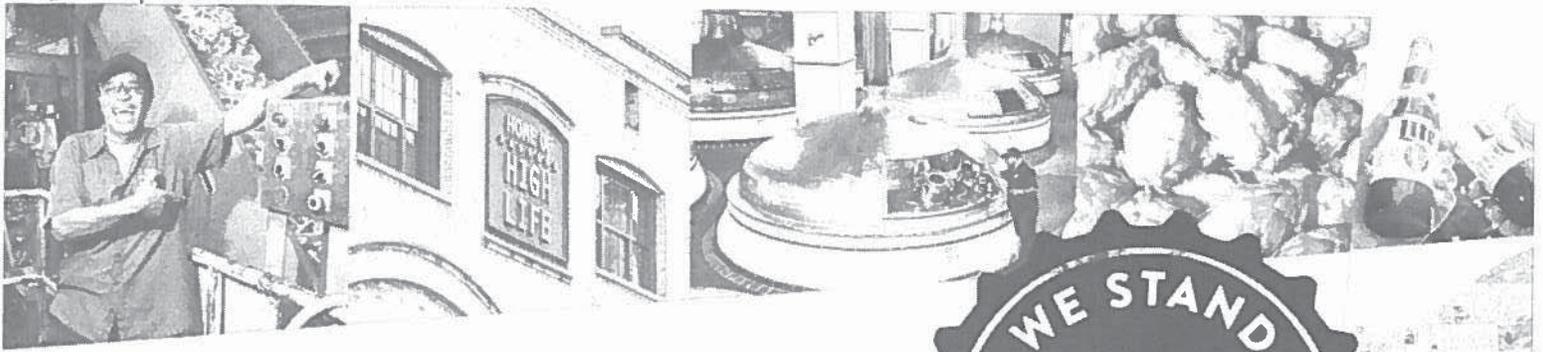
- These cross-border sales will cost the state as much as \$854,200 in revenues, and are one reason why Ohio will only raise \$18.59 million from this extraordinary tax increase.
- Following a tax increase, it is likely that as much as 2.7 percent of beer sales in total would come from out of state. This is equal to about 2.94 million cases of beer that would be purchased from lower tax jurisdictions, with no tax being paid to Ohio. It will result in the loss of as many as 709 jobs for retail employees like clerks, stockers, store managers and laborers - just the kind of jobs that the most vulnerable residents of the state rely on.

Changes in Taxable Sales of Beer Under Proposed 70.0 Percent Excise Tax Increase



1. Moody, J. Scott and Wendy Warcholik. How Tax Competition Affects Cross-Border Sales of Beer in the United States. Background Paper 44. Tax Foundation. March 2004.
 2. Model developed by John Dunham and Associates, New York. 2015.





CURRENT ECONOMIC CONDITIONS ALREADY HARM BEER DRINKERS

The Legislature Should Not Raise Beer Taxes

The Ohio Legislature is proposing an increase in beverage alcohol taxes to pay for budget shortfalls resulting from higher state spending. One of these proposals is for an increase of \$0.28 per case. This 70.0 percent tax increase could cause serious difficulties for the average beer drinker in Ohio.

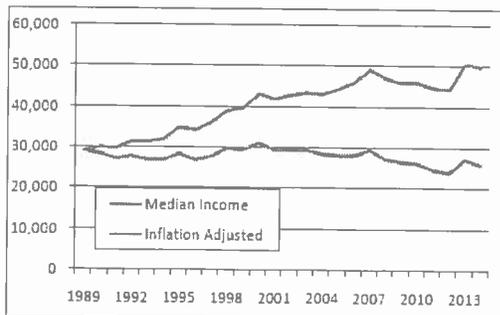
Average beer drinkers have already seen paychecks shrink over the years

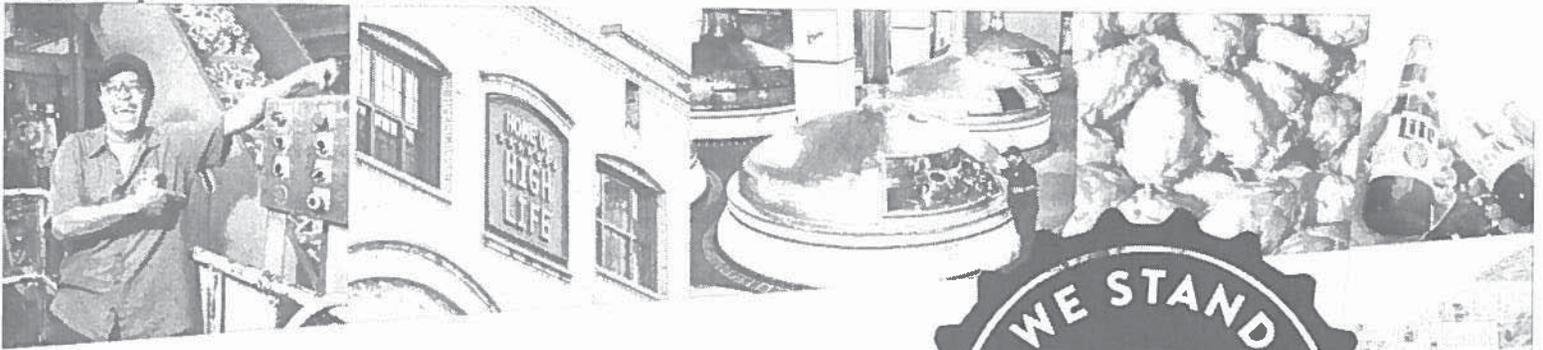
- The average beer consumer's household income in the United States is \$53,000 per year – more than half of all beer is purchased by consumers earning less than \$28,000 per year.¹ The median household income in Ohio is up just \$3,758, or 8.19 percent, since 2010.²
- After adjusting for inflation, the economic picture for the average citizen of Ohio looks even bleaker. Median income in the state is actually down 0.3 percent over the past 5 years.³

Maintaining a middle-class lifestyle has become more difficult for the average beer drinker

- While the average beer consumers' incomes have not gone up, expenses have.

Median Income in Ohio Has Not Grown





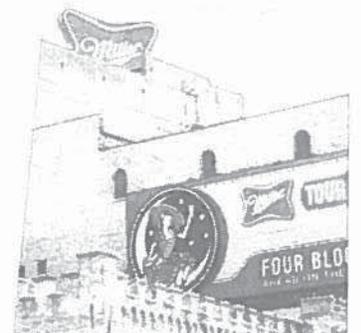
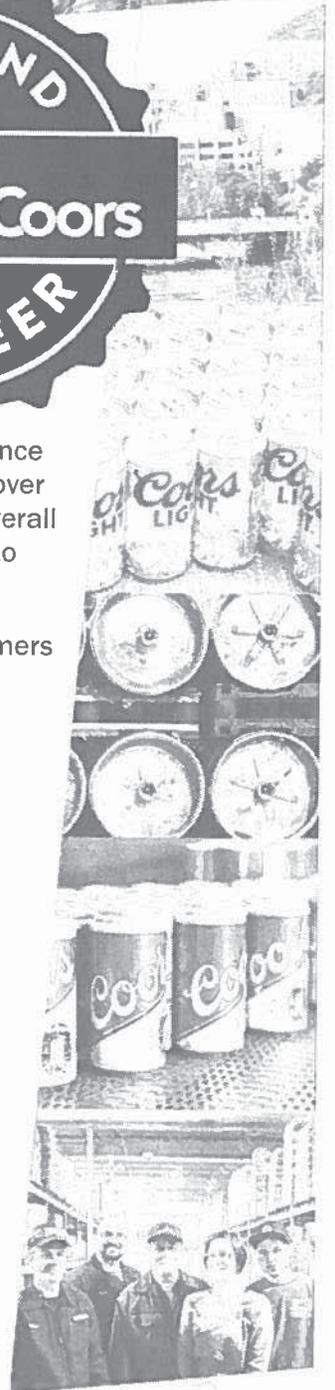
- For example, gasoline prices have gone up by over 88.7 percent nationally since 2001, the price of milk is up 22.9 percent, the cost of medical care is up by over 46.8 percent, even the cost of public transportation is up by 19.8 percent. Overall prices on the goods and services that the average family needs to purchase to maintain their lifestyle have risen by 26.4 percent since 2001.⁴
- In order to keep up with increasing prices and expenses, middle class consumers have to dig into savings. The average rate of personal savings in the United States is, at best, just 5.6 percent.⁵

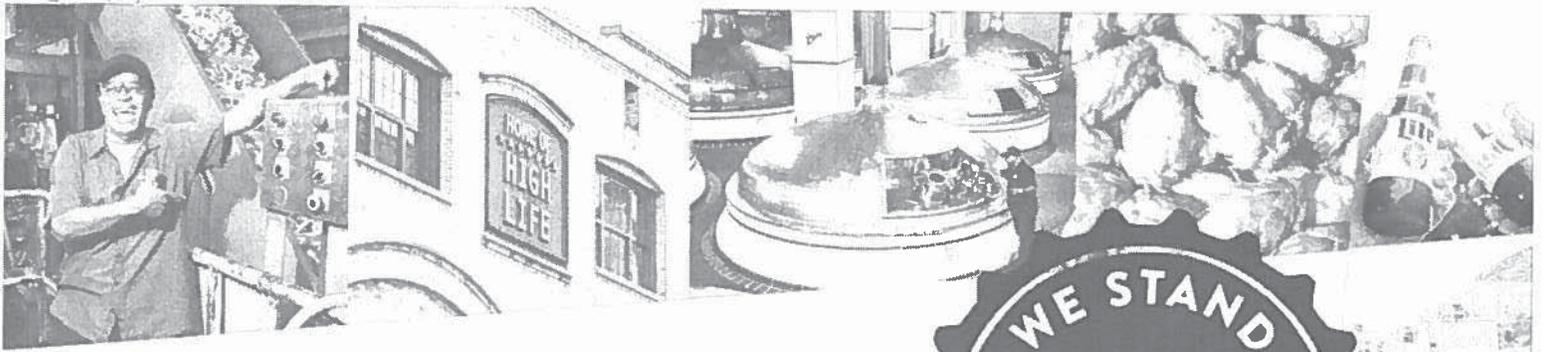
Increasing the excise tax on beer in Ohio will reduce employment

- Lawmakers should not enact job-killing tax increases, especially in these uncertain economic times. With rising unemployment and 254,825 people already struggling to find jobs in the state, every job counts.⁶ It is likely that roughly 1,493 jobs could be lost in Ohio following the tax increase.⁷
- Even prior to the recession, Ohio's economy was not generating many good jobs for its hardworking residents. Over this decade, most of the employment growth in the state has been in low wage jobs. Taking into account job losses in some industries and gains in others, 267,600 jobs on net were lost in Ohio since 2000.⁸
- These are the same people whose jobs are being put at risk by this 70.0 percent tax hike. Those citizens who distribute, sell and brew beer will find fewer employment options than already exist. In fact, today over 75,260 people in Ohio depend on the sale of beer for their livelihood.⁹

While average beer drinkers are being squeezed by higher daily costs, Ohio is spending more

- The chart on the next page illustrates government spending in the state far outpaced inflation over the past 10 years, growing by 35.3 percent. This is 8.7 percent faster than inflation

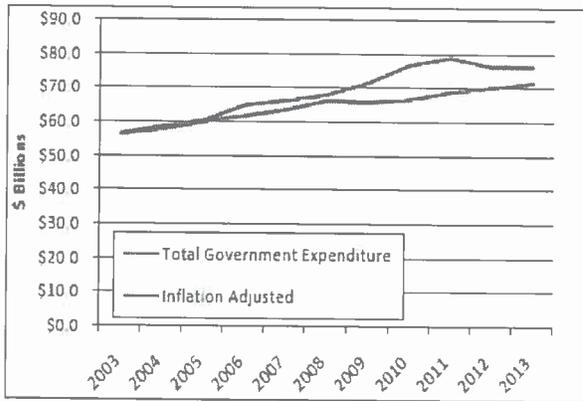




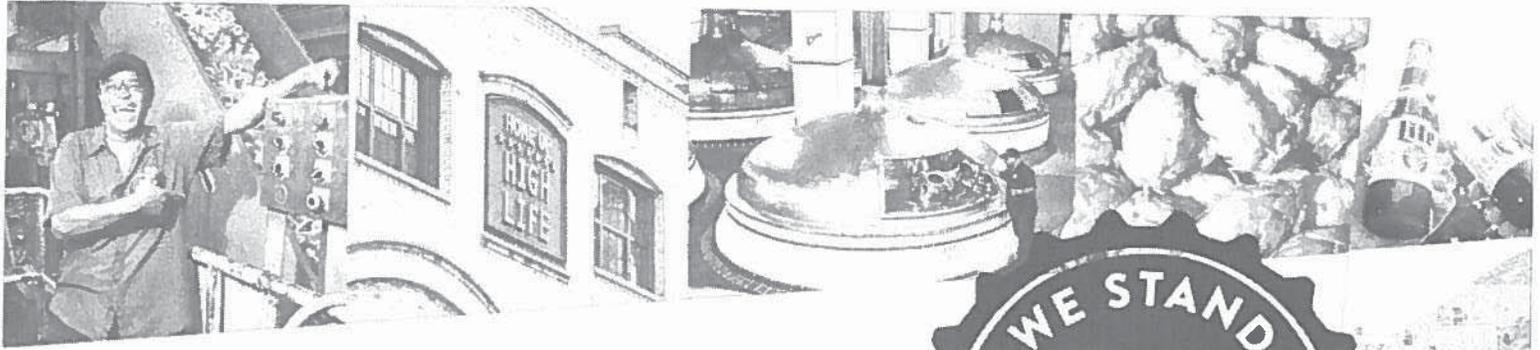
over the same period.¹⁰

- Meanwhile, household income for the average beer drinker in Ohio has not risen. This means the government of Ohio is taking a larger and larger share of the average beer consumers' economic means per year.¹¹

Government spending in Ohio has far outpaced inflation over the past 10 years.



1 Miller Brewing Company proprietary behavioral tracking study. 2007.
 2 US Department of Commerce, Bureau of the Census.
 3 Ibid.
 4 See Consumer Price Index: All Urban Consumers (current series), Bureau of Labor Statistics, Washington. Accessed: October 2015.
 5 See: Comparison of Personal Saving in the National Income and Product Accounts (NIPAs) with Personal Saving in the Flow of Funds Accounts (FFAs), Bureau of Economic Analysis.
 6 The Bureau of Labor Statistics. Available on-line at: www.bls.gov/lau/home.htm. Data for November-15.
 7 Based on a model prepared on behalf of MillerCoors by John Dunham and Associates. 2015.
 8 Based on data from the Bureau of Labor Statistics on state employment by sector through 2015. A figure of over 100 percent means that the State lost more high wage jobs than it gained in retail and low-wage service employment.
 9 See: Beer Serves America prepared for the Beer Institute by John Dunham and Associates. 2015.
 10 John Dunham and Associates calculations based on State Government Finances from the US Census Bureau and Washington DC FY 2013. Inflation from the Bureau of Labor Statistics, <http://data.bls.gov/cgi-bin/survey/most>.
 11 Based on National Figures. MillerCoors proprietary behavioral tracking study, 2007. The average household income of beer drinkers has fallen by 15 percent over the same period.



A PENNY IS MUCH MORE THAN JUST A PENNY

The state legislature is proposing a \$0.01 per drink increase in the state excise tax. While some may think this is insignificant, a nominal \$0.01 a drink tax translates to a \$0.53 price increase for every case of beer purchased by the state's consumers.

In fact, this proposed tax increase amounts to a 70.0 percent hike in the current beer tax rate.

The Legislature should consider how this tax impacts beer consumers and the state economy before falling for simplistic statements about the size of the tax "per drink." It is not just a \$0.01-a-drink tax – it is a lot more.

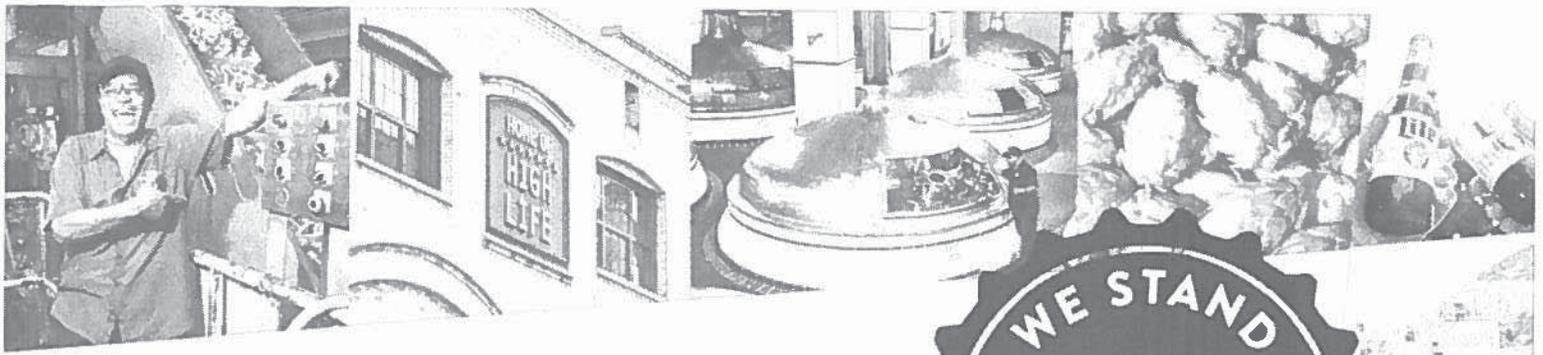
Ohio beer consumers already pay enough in taxes. Now is not the time to further hit consumers in the wallet.

- Ohio consumers are being squeezed by higher prices for a wide range of products and services
- An additional \$0.01 per beer tax will cost consumers in Ohio around \$59.68 million by increasing the price of beer by \$0.53 per case. The tax will only raise \$38.54 million in new revenues for the state, or less than 0.05 percent of the state's \$76.29 billion in spending.¹

The impact on Ohio's economy goes even further. A 70.0 percent tax hike will reduce private-sector employment and other state tax collections.

- A 70.0 percent tax hike will have a high economic price. In fact, it is estimated that the tax increase will result in lost beer sales of 2.33 million cases, negatively impacting workers at retail stores, restaurants, taverns, hotels and entertainment venues throughout the state. It is likely that 1,493 jobs will be lost if this proposal becomes law.²



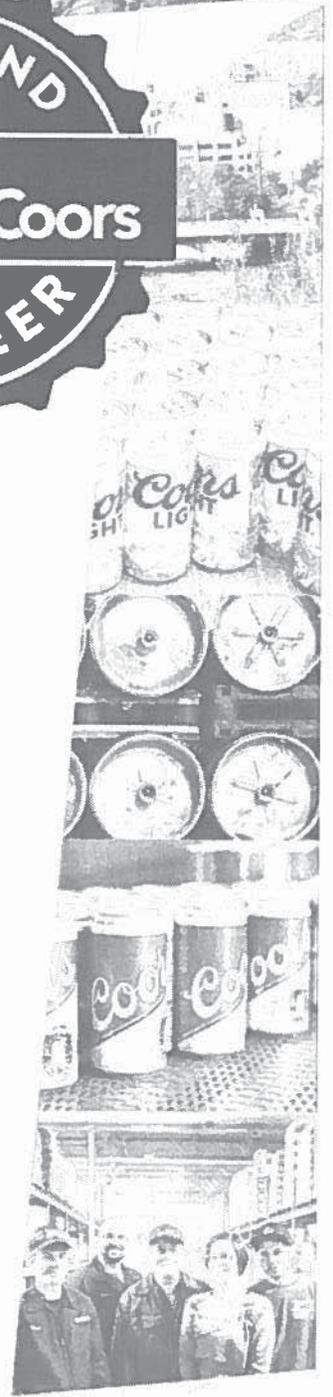


- With 254,800 people already looking for work in the state, now is not a good time to add more workers to the unemployment lines through a job-killing tax increase.³
- The reduced sales and employment levels in Ohio resulting from the tax increase will reduce other government revenues by as much as \$12.47 million.⁴

Beer consumers already pay their fair share in beer taxes...and beer tax revenues have increased.

- Beer is one of the most heavily taxed products sold in America. In Ohio, 37.7 percent of what consumers pay for each beer sold goes to pay taxes - and collections are increasing, up by 9.2 percent since 2004.⁵

In Spite of Recent National Statistics the Economy in Ohio Has Not Improved Much for the Average Family	
Unemployment Rate:	4.5
Number of Unemployed:	254,825
Lost Jobs from Tax Increase:	1,493
Current per Capita Taxes:	\$2,331
Cost of Beer Tax:	\$59,680,817
Percent Cost of Beer Tax:	37.7



¹ Spending for 2013. Based on Data from the US Department of Commerce, Bureau of the Census.
² Based on a model of the beer economy developed for MillerCoors by John Dunham and Associates, 2014. This data includes direct job impacts, as well as supplier and induced numbers.
³ The Bureau of Labor Statistics. Available on-line at: <http://www.bls.gov/bls/unemployment.htm>. Data for November-15.
⁴ John Dunham and Associates' calculations based on the 2014 Economic Impact of the Beer Industry. Available on-line at: www.beerservesamerica.com
⁵ John Dunham and Associates calculations based on data from the US Census Bureau.

