



**Testimony of Ben Parsons, Director of State Government Affairs
Before the Rhode Island House Committee on Finance
In Support of HB 7277
May 2, 2024**

Chair Abney and members of the House Finance Committee,

Thank you for the opportunity to present this testimony in support of HB7277 on behalf of Anheuser-Busch and our 18,000 employees across the country. My name is Ben Parsons, and I am the Director of State Government Affairs for Anheuser-Busch.

Since 2013, wine and spirits have been exempted from the state's seven percent sales tax. This change was enacted to ensure that Rhode Island's liquor stores remained competitive with stores in Massachusetts after that state repealed its sales tax on alcohol in 2011.

However, the sales tax has remained in place for beer and other malt beverages, despite these beverages also being exempt from sales taxes across the border. In fact, beer consumers have been doubly impacted because malt beverages were subject to the alcohol excise tax increase that took effect around the same time without seeing the sales tax exemption that benefitted the rest of the industry.

The beer industry is vital to Rhode Island's economy, accounting for \$1 billion in total economic output and 6,800 jobs in the state. Beer is intrinsically a local product, made from barley and other locally obtained ingredients. The domestic character of beer in America, combined with larger networks of brewers and beer distributors, means that it also has a strong local presence, with more businesses and their employees connecting with the communities they serve. Hundreds of brewers, distributors and retailers across Rhode Island are not only the creators of local jobs but also support community charitable organizations, festivals and cultural events, tourism and local sports sponsorships.

Rhode Island currently exempts over 2/3 of alcoholic beverage sales (by dollars) from the sales tax but is disadvantaging a vital part of the industry and the state's economy by keeping the tax in place only for beer and malt beverages. Gross sales of wine and spirits sales have increased by 58% since the sales tax exemption was put in place, while beer and malt beverages have seen an increase of less than half that. The current sales tax scheme disadvantages consumers who are looking for the low ABV option of beer. There is no reason for beer and malt beverages to continue to be subjected to sales taxes while every other category of alcoholic beverage is exempt.

For these reasons, Anheuser-Busch strongly supports HB7277 and encourages its passage.

Thank you again for your time and careful consideration of this issue.