

Rhode Island Testimony – May 2, 2024 – House Bill 7277 – Support

Dear Members of the House Finance Committee:

My name is Sam DeWitt, State Government Affairs Director with the Brewers Association, a national not-for-profit trade association dedicated to promoting and protecting America's small and independent craft brewers, their beers, and the growing community of craft beer enthusiasts. I submit this testimony in strong support of House Bill 7277, a bill that levels the playing field for craft breweries regarding taxation.

Today Rhode Island is home to 41 craft breweries. In 2022 those breweries produced approximately 92,500 barrels of beer (one barrel equals thirty-one gallons) and contributed a whopping \$226 million to the state's economy.

Prevailing wisdom suggests that higher tax rates should be applied to products with higher alcohol content. Oddly, current Rhode Island law does just the opposite, leveling a sales and use tax on beer but not on wine and distilled spirits. This tax differential may encourage consumers to drink higher alcohol products, a perverse result from a public policy perspective. Moreover, the current system provides a competitive advantage to those higher-strength products despite the fact that breweries likely make a far greater contribution to the local economy than wineries or distilleries.

We're pleased to see the Legislature consider this measure and urge a Yes vote in this committee.

Thank you for your time.