

Distillers take a shot at lower liquor taxes

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HOUSE SPIRITS DISTILLERY

House Spirits Distillery, which makes Aviation American Gin, is one of many small distilleries pushing for lower federal excise taxes on liquor.

Large and small distillers have united in a push to lower federal excise taxes on distilled spirits, which could increase their profits and make liquor cheaper for consumers.

The [Distillery Innovation and Excise Tax Reform Act](#), which was introduced last week, would reduce the federal excise tax on distilled spirits from the current \$13.50 per proof gallon to \$2.70 on the first 100,000 gallons for all

distillers. Once the 100,000 gallon threshold is reached, the bill would reduce the excise tax to \$9 per proof gallon.

The federal government imposes much steeper excise taxes on distilled spirits than it does on beer or wine, when taxes are standardized for alcohol content. Federal, state and local taxes account for more than half the price of a typical bottle of liquor, according to the Distilled Spirits Council.

Despite this tax burden, distillers are doing well. Supplier revenue has increased from \$11.7 billion in 2000 to \$23.1 billion in 2014, according to the council. Plus, there's been a boom in small distillers, which have grown from 92 in 2010 to over 700 in 2014.

Reducing the federal excise tax would encourage even more growth, distillers contend.

“This bill would help create jobs across America for the rapidly growing distilling industry,” said [Tom Mooney](#), president of the American Craft Spirits Association and CEO of House Spirits Distillery in Portland, Ore. “It will translate into real economic benefits and jobs for hundreds of small distillers and their surrounding communities.”

For a small distillery producing 30,000 proof gallons a year, reducing the excise tax to \$2.70 per proof gallon would mean a savings of \$324,000.

[Brewers also are seeking lower federal excise taxes](#), but they're fighting over whether tax cuts should go only to small craft brewers or to multinational beer giants as well.