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Last modified: Sunday, September 8, 2013 11:45 PM CDT

State may raise tax on beer

At 2 cents per gallon, Wyoming's tax is the lowest in the country. But lawmakers say more money is needed to pay for substance abuse programs and centers.

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CHEYENNE -- Buying a light beer could soon make your wallet lighter.

Lawmakers are considering a proposal to raise Wyoming's lowest-in-the-nation tax on beer.

The state malt beverage excise tax is two cents per gallon - an amount that hasn't increased since 1935.

But legislators will discuss potentially changing that when the Joint Revenue Interim Committee meets Friday in Buffalo.

Sen. Ray Peterson, R-Cowley, who co-chairs the committee, said he wanted to bring the idea to the group's attention.

He said he would like to increase the tax at least by two cents and potentially more.

His plan would use the new revenue to pay for substance abuse centers and other health programs that deal with alcohol abuse.

He said the state's tight budget situation makes it difficult to add more general fund money for these programs. So he said it might be easier to look to the revenue side to increase the funding.

"Seeing how the tax hasn't change since 1935, I thought it was time to take a look at it," he said. "At least it would try to tax those who are causing these extra costs instead of robbing Peter to pay Paul."

The state receives about \$265,000 a year through its beer tax, according to state officials.

Even if Wyoming tripled the tax, it would still be tied for the lowest tax in the nation.

The median beer tax nationally is 19 cents. Alaska has the country's highest rate at \$1.07 per gallon n an amount 53.5 times Wyoming's rate.

Lawmakers have unsuccessfully tried to raise Wyoming's beer tax several times over the past two decades.

And, similar to the past efforts, this proposal is in part being spearheaded by Fremont County officials who say their area is disproportionately affected by alcohol abuse.

Riverton Mayor Ron Warpness said it is "unconscionable" that lawmakers refuse to raise the tax while communities across the state struggle.

"We have a serious alcohol problem in not just Riverton and Fremont County, but across the entire state," he said. "And it comes down to the fact that it costs money to get these people to rehabilitation or get the help they need."

He said beer drinkers and the alcohol industry can afford to pay a small amount more to make this happen.

"It is not really going to affect consumers, and no one is going to go out of business because you have to pay a nickel or something more for a bottle," he said.

But Mike Moser with the Wyoming State Liquor Association disagrees. He said that cost adds up for retailers. And he said it is not a fair tax to beer consumers who drink responsibly.

"In fact, federal dietary guidelines include alcohol (in moderation) as part of a healthy diet," he said. "It's not right to ask all beer drinkers to pay for substance abuse programs, which in many cases doesn't even involve alcohol.

"You are basically asking beer drinkers to pay for meth and prescription drug addictions."

He added it would also make it harder for retailers to compete with other bordering states.

He said it would be more appropriate for the state to increase funding for substance abuse programs through the general fund.

Holley Shafer is a senior research and policy analyst for Alcohol Justice, an alcohol industry watchdog group that supports higher taxes on beer. She said the alcohol industry is not being accountable by claiming alcohol abuse is not its problem.

"This whole idea of responsible drinking is just an industry promotion," she said. "Just look at their advertising: They use 'drink responsible' as a way to absolve themselves for providing this cheap product that, for many people, causes harm."

She also cited a 2006 U.S. Centers for Disease Control and Prevention report that showed excessive drinking costs Wyoming \$468 million a year.

This is due to losses in “workplace productivity, health-care expenses and other costs due to a combination of criminal justice expenses, motor vehicle crash costs and property damage,” according to the report.

But she acknowledged it is a challenge for state legislatures to increase taxes, especially on a popular product.

“The alcohol industry has so much clout,” she said. “They can just quash these proposals.”

Rep. John Eklund, R-Cheyenne, is another member of the Joint Revenue Interim Committee. He said he is undecided on the proposal but is willing to listen to both sides of the debate.

“If there are reasonable benefits to the state without hurting the consumer too much, I could be open to it,” he said. “But I’ll just have to listen to what they have to say.”

Peterson said if the committee decides not to sponsor the bill, he will try to introduce it himself.

But he will need to find a co-sponsor in the House of Representatives, since all revenue-raising bills need to originate from that chamber.

There will also be an added challenge to passing the legislation during the upcoming 2014 session. Since it is a budget session, bills need to receive a two-thirds majority just to be introduced.