

Rep. Aisha Gomez
Chair, Minnesota House Committee on Taxes

Date: March 13, 2023

Re: HF 2558 (Norris) Reducing the Excise Tax on Ready-to-Drink Cocktails

Dear Chair Gomez:

Diageo is a manufacturer, importer, and exporter of several of the most popular beverage alcohol brands in the world. Diageo is writing today in support of HF 2558 (Norris), which would lower the excise tax on low alcohol volume pre-packaged beverages. In Minnesota currently, state law makes distinctions between types of alcohol, giving more favorable tax rates to certain types of adult beverages, and penalizing people who prefer spirit-based drinks, even though all canned drinks (beer, wine, cocktails, seltzers, cider, etc.) are comprised of the same kind of alcohol—ethanol.

This legislation recognizes, and takes steps to fix, that a low ABV spirit-based ready-to-drink (RTD) option has less alcohol than most beers, and significantly less than some, yet it pays 31 times more in taxes. Even in this current proposal, those wanting a spirit based RTD will still pay more than beer. The current taxation system simply doesn't reflect the change in product offerings or consumer preferences, and this proposal would move Minnesota closer to aligning the tax rate with similar beverages.

We would appreciate the support of the committee and thank Rep. Norris for his leadership on this issue.

Sincerely,

/s/

Angela Hoover
Regional Director, Central Region, Diageo NAM

