

Konrad Jackson

From: Kassik's Brewery <kassik.office@alaska.net>
Sent: Friday, February 12, 2016 12:48 PM
To: Konrad Jackson
Subject: HB 248
Attachments: HB 248 Letter.pdf

Good Afternoon Konrad,

Thank you for taking the time to visit with me yesterday. I've outlined a few of our concerns below, and I also attached a letter for Representative Olson.

HB 248, Alcohol Tax Bill definitely has us concerned. As a manufacturing facility, the cost to produce our product in the state of Alaska is an expensive venture just dealing with shipping product into and out of the state.

Beer & Malt beverages qualifying for a reduced tax rate seems like somewhat of a break for small breweries at the current rate of .35 gallon, but double that and align it with two times the \$1.07 our distributor has to pay for larger breweries, the gallon or case price would more likely increase to the higher or a combined rate across the board for all breweries large and small. Calculating a price increase to offset any expense it usually ends up being shared in the per case or gallon price. I guess my point is there would be little advantage for smaller breweries.

It would be great to see some type of exemption for Made in Alaska products for small breweries, distilleries and wineries, although I'm not sure that would be possible due to the "**dormant**" **Commerce Clause**. The 60,000 barrel break given to small breweries to qualify for a reduced tax rate is such a large number as most breweries in Alaska are under 10,000 barrels. If the .35 break was calculated on breweries operating at 10 - 15,000 barrels or less, this would increase the tax on breweries operating above that, many which are out of state.

We understand that Alaska is in a budget crisis and the governor is searching for new revenue, but Alaskans are already taxed at some of the highest rates in the nation on alcohol. HB 248 would **DOUBLE** the current alcohol excise tax, which for beer is *already the second highest in the nation*.

Alaska's liquor licensees are among the most taxed in the nation. With a contribution of nearly \$40,000,000 in liquor taxes to the general fund annually, we are paying our fair share.

Please do not support House Bill 248.

Sincerely,

Debara Kassik

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