



Facts Matter

Facts Matter is a series of briefs highlighting Michigan's budget and tax system

Beer Tax:

- Has not been changed since 1966
- Michigan ranks 28th nationally
- 4 cent per can increase would generate almost \$90 million annually

Beer Tax: Held Harmless for Forty Years

Michigan has taxed beer since 1933 and currently imposes a tax of \$6.30 per barrel (2 cents a can). The rate has not been changed since 1966, when it was actually reduced from \$6.61 per barrel. Michigan's \$.20 per gallon tax is below the national average of \$.28 per gallon and ranks Michigan 28th out of 50 states in its beer tax rate.

Since 1966, inflation has reduced the purchasing power of beer tax revenue by approximately 84 percent. A 4 cent increase in the beer tax, bringing the tax to 6 cents a can, would generate almost \$90 million in additional revenue, which could be used to help fund state services.

Inflation Adjusted Cost and Tax Per 12 Ounce Serving of Beer (1966 vs. 2009)

	1966	2009
Cost per 12 ounces	\$0.20	\$0.14
Tax per 12 ounces	\$0.02	\$0.003
Tax as a percent of cost	10%	2%
Loss of tax revenue purchasing power from 1966 to 2009		-84%

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Notes: 1966 was adopted as the base year for purposes of this analysis because it was the last time Michigan's beer tax was adjusted (reduced) to \$6.30/barrel, equivalent to approximately 2 cents per 12 ounces.

The U.S. Consumer Price Index was used to adjust 2009 values for inflation.

Prepared by Michigan League for Human Services

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