



May 12, 2010

The Honorable Kate Ebli, Chairwoman
House Tax Policy Committee
PO Box 30014
Lansing, MI 48909

Dear Chairwoman Ebli:

On behalf of the Michigan Spirits Association (MSA), I am writing to express our opposition to House Bill 5059.

The MSA was established in 1967 and represents the vendors, suppliers and distributors of over 90 percent of distilled spirits sold in Michigan. The MSA is a partner with the Michigan Liquor Control Commission and the sales of our distilled spirits help generate more than \$270 million in tax revenue to the state of Michigan each year.

Michigan already has one of the highest tax rates on spirits in the region and this legislation would create additional problems, especially with boarder communities that implement the tax. Consumers are very price sensitive and would likely choose a lower cost option in exchange for paying higher taxes. Additionally, HB 5059:

- Would result in serious job loss in the spirits industry;
- Increase taxes on an industry that already is one of the highest taxed in the state. A current bottle of spirits contains nearly 70 percent state and federal taxes;
- Would allow communities to tax distilled spirits up to \$11.00 per bottle;
- Would reduce the volume of spirits sold in Michigan, therefore it jeopardizes the amount of tax revenue collected by the state.

Our members provide thousands of jobs for Michigan residents and provide significant tax revenue to the state already. Allowing communities to place a tax on top of our existing high tax products will hamper our limited annual growth and severely impact an already crippled hospitality industry.

If you have any questions, please feel free to contact me.

Sincerely,

Joe David, President
Michigan Spirits Association

cc: Members, House Tax Policy Committee