



ANHEUSER-BUSCH

**Testimony of Reid Teschner Director, State Government Affairs, Anheuser-Busch
Before a Joint Hearing of the Pennsylvania Senate Law and Justice and House Liquor Control
Committees
April 30, 2021**

Chairmen Regan, Metzgar, Brewster, and Deasey and members of the Senate Law and Justice and House Liquor Control Committees,

On behalf of Anheuser-Busch and our more than 19,000 employees across the country, I am pleased to present this testimony on the topic of ready-to-drink cocktails. My name is Reid Teschner, and I am the director of State Affairs for Anheuser-Busch.

As the country's largest brewer and a leading American manufacturer, Anheuser-Busch has seen firsthand the proliferation of alcoholic beverages beyond "traditional" beer. Ready-to-drink cocktails (RTDs) are a significant component of this expansion, as evidenced by our own popular products like Cutwater Spirits ready-to-drink cocktails and Devils Backbone Smash cocktails.

While this innovation and growth of ready-to-drink cocktails is an exciting development for manufacturers, wholesalers, and consumers alike, as the General Assembly considers proposals to change the way consumers access RTDs, it is important that several key distinctions between beer and spirits guide your deliberations.

Beer has long been recognized as the beverage of moderation, and policymakers and the public understand that beer and spirits are very different products. In the U.S., these differences have been reflected in the way the two products have been taxed and regulated since Prohibition was repealed in 1933.

Since most ready-to-drink cocktails contain a much higher alcohol by volume (ABV) than beer, they are appropriately taxed at a rate higher than beer. As a manufacturer of both types of products, we recognize that a difference in the tax rate between the two is indeed appropriate.

While Anheuser-Busch does support limited efforts to make these new and exciting products more accessible to consumers throughout Pennsylvania, at the same time we respectfully urge committee members to take a closer look at why beer and spirits are treated differently across the country. It is important the tax code accounts for the risks associated with RTDs and appropriately reflects the best way to classify and treat ready-to-drink cocktails going forward.

Thank you again for your time and careful consideration of this issue.