



NEW YORK STATE SENATOR

Timothy M. Kennedy

WNY Distillers & Brewers Are Toast of the Town – Kennedy, Panepinto & Ryan Push to Make it Easier for Them to Give Customers a Taste of Hometown Craft Beverages

TIMOTHY M. KENNEDY March 5, 2015

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Tasting Tax Exemptions in Governor's Proposed Budget Would Ease Restrictions on Producers and Drive Western New York Economic Activity

BUFFALO, N.Y. – Senators Tim Kennedy and Marc Panepinto and Assemblyman Sean Ryan joined brewers and distillers from throughout Erie County at Lockhouse Distillery in Buffalo to call for the passage of tax exemptions proposed in Governor Cuomo's 2015-16 Executive

Budget which would provide relief to craft beverage producers across New York State.

Currently, an exemption from the Use Tax is provided only for tastings at wineries in New York. The Use Tax is applied to items that are originally produced for sale, but end up being used by the manufacturer. As a result, under existing law, the beer or spirits used in a tasting by a brewery or distillery are subject to the Use Tax. Under the new proposal, the tax exemption enjoyed by wineries would be expanded to include promotional tastings provided by beer, cider and spirit producers in New York State.

The exemptions would also extend to off-premise tastings. Currently, exemptions to the Use Tax, which stands at 8.75% in Erie County, are only granted for wine tastings on a producer's facility, and it only applies to the wine used. Under the new proposals, exemptions would no longer be limited to on-premise tastings, and would be expanded to cover the bottles, corks, caps and labels used. In addition to saving breweries and distilleries money, these reforms will also allow these small business owners to spend less time at a desk doing unnecessary paperwork, and more time working to improve and perfect their craft beverages.

"Extending the Use Tax exemption to include the craft beer, cider and spirits industries makes perfect sense and is yet another example of Governor Cuomo's commitment to rebuilding the economy in Western New York," said Senator Tim Kennedy, the ranking Democrat on the Senate Economic Development Committee. "New York State is home to 374 distilleries, breweries and cideries, and 214 of those businesses have popped up since 2012 alone. The Governor's proposal recognizes the significant economic activity these growing small businesses bring to our local communities, and encourages their continued growth and success."

Senator Marc Panepinto said, "The expansion of these tax exemptions to include breweries, cideries, and distilleries is long overdue. As the Ranking Member of the Senate Agriculture Committee, I strongly support this proposal because we need to do everything we can to

continue making Western New York economically competitive with the rest of the state. This tax incentive will ease economic restrictions on local producers and give the craft beverage industry an opportunity to do for the Buffalo Region what the winery industry has done so well for the Finger Lakes Region. I look forward to fighting for this much needed tax relief during budget negotiations.”

Assemblyman Sean Ryan said, “Wineries have enjoyed this tax relief from New York State for years, and it is important that we expand these tax exemptions to include breweries, distilleries, and cideries. This tax relief will help to continue the growth and momentum of the craft beverage industry in Western New York, and I thank the Governor for including this proposal in this year’s budget. It is exciting to see that craft breweries, distilleries, and cideries are offering tastings and tours and becoming just as commonplace as wineries in New York State. All of these small businesses help to create jobs in our communities and I look forward to the continued growth of this important segment of New York’s economy.”

"Eliminating the Use Tax for distilleries, breweries, and cideries conducting tastings is just one more way that it is becoming even better to do business here in New York State," said Niko Georgiadis, President of Lockhouse Distillery. "Governor Cuomo's proposal is a win for Western New York, and I thank Senator Kennedy, Senator Panepinto, and Assemblyman Ryan for their support for local craft distillers and brewers. Lockhouse Distillery is growing faster than we could have ever hoped, and this kind of reform helps to keep us at the forefront of the industry."

"New York spirits producers rely on tastings to introduce their products to consumers and build awareness of the high quality and diversity of our craft spirits," said Cory Muscato, Vice President of the New York State Distillers Guild. "This reduction of the cost and paperwork associated with these tastings will allow distillers to focus on championing their product and growing their business. The New York State Distillers Guild supports this important step

towards simplifying and streamlining distillery operations. I would like to thank Governor Cuomo, Senator Kennedy, Senator Panepinto and Assemblyman Ryan for their continued support and confidence."

These proposals come a little more than three months after Governor Cuomo signed the Craft Act into law, which eased restrictions on the marketing of craft products and restrictions tied to producers. Two programs were also launched- the Craft Beverage Marketing and Promotion \$2 Million Grant Program and the Craft Beverage Industry Tourism \$1 Million Promotion Grant. Both are designed to help producers foot the bill for promotional components of business.

A release of the Governor's proposed exemptions can be viewed [here](#).

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