



April 16, 2019

Senator John Gordner  
Main Capitol  
Room 177  
Harrisburg, PA 17120

Dear Senator Gordner:

Pennsylvania's craft brewers have been notified by the PA Department of Revenue that, beginning July 1, sales tax must be collected on sales to customers at tasting rooms and brew pubs. This is a change from a prior interpretation from the Department that on-site sales were tax exempt. Our members in this industry have expressed concern that the proposed taxation is inconsistent with the assessment on other beer transactions, and would result in considerably higher taxation for these businesses. The Columbia Montour Chamber of Commerce is therefore requesting that craft brewers be treated equitably regarding the assessment of the sales tax.

Regardless of the brewer, when beer is sold to a restaurant or bar, sales tax is assessed on the wholesale quantity (keg, case, etc.). As directed by the Department, sales tax at on-site tasting rooms and brew pubs would be assessed on the serving (pint, bottle, growler, etc.). This would result in effective taxation of several times the wholesale amount. It is fair and reasonable that sales tax be assessed on a product that is distributed to consumers, but in a manner consistent with other restaurants and bars.

The significant growth of Pennsylvania's craft brewing industry in recent years provides greater choice for consumers and has fostered the development of job-creating brew pubs and tasting rooms across the state. Many of these operations begin on a small scale, with very low profit margins. The formula for assessment being directed by the Department of Revenue would create a burden for existing businesses, and could stifle the continued growth of this industry in Pennsylvania.

It is our understanding that legislation is pending that would provide for equitable assessment of sales tax at the wholesale level for on-site sales establishments. We ask that you consider supporting such legislation in fairness to the industry as a whole.

Thank you for your attention in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Gaffney", is written over a white background.

Fred Gaffney  
President

cc: Representative Kurt Masser  
Representative David Millard