

# Alcohol Regulations

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## Introduction

When it comes to alcohol regulation policy, Mississippi is stuck in the past. While the internet, technological developments, and more have made the purchase and production of alcohol freer and easier in other states, Mississippi has denied its citizens personal liberty on this issue.

The state has discouraged craft beer production, overregulated alcohol distribution, and cracked down on the ability for citizens to privately produce alcohol. Permits are difficult to secure, and thus many businesses have been left in the dark, unable to expand or operate.

Mississippi could make considerable strides by entrusting in its citizens a greater personal responsibility and freedom when it comes to alcohol sale and production.

## Key Facts

- Mississippi outlawed alcohol statewide in 1908, a decade before nationwide prohibition began with the passage of the 18th amendment. While the 21st amendment ended this prohibition in 1933, Mississippi continued to enforce statewide prohibition until 1966.
- All hard alcohol and wine sold in the state of Mississippi currently passes through one large warehouse in Madison. This warehouse consistently operates at capacity.
- Before 2012, Mississippi brewers were not allowed to brew beers above five percent alcohol by weight, which are the primary staple of craft brewers. The limit was increased to eight percent and opened the state to the majority of craft brews sold in the U.S.
- Mississippi has annually been ranked last in terms of craft beer production. While this industry operates with \$650 of economic production per capita in Vermont, in Mississippi it only produces \$150 per capita.
- Until 2017, breweries were unable to sell their product directly to customers. Still, today there are restrictions on the number of cases that can be sold per day to customers.

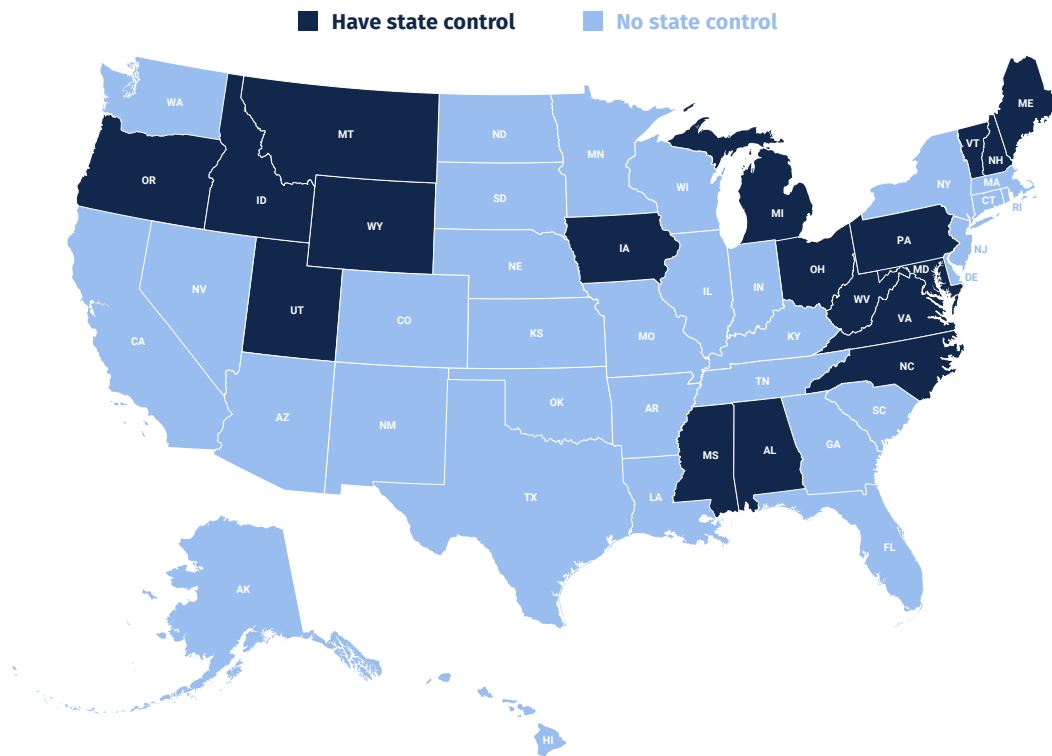
- Mississippi has the largest shadow economy in the nation (referring to the exchange of products that are not taxed or recorded) at 9.54 percent of GDP. Moonshine is either produced or is available in every single county, which many link to the strict regulation of the alcohol industry.
- Currently permitted sellers can only sell alcoholic beverages (besides beer) between 10 a.m. and 10 p.m., while beer can be sold all day unless otherwise instructed by local ordinance.
- A private citizen can only make homemade wine or beer for household use. An individual is only allowed to make 100 gallons of beer per year, per number of household residents aged 21 and above.
- No citizen can order wine over the internet, as the state has banned all in-state and out-of-state distributors from shipping.
- Food delivery apps such as UberEats, DoorDash, and Grubhub are prohibited from delivering alcohol with food orders.
- Producers are unable to distribute or directly sell their own product, forcing small breweries to seek support from distributors, stifling their sales ability.

## Recommendations

- + Taxpayers shouldn't foot the \$35 million bill on expanding the giant warehouse for the government to control alcohol distribution in the state. Rather, Mississippi should seek to privatize the system and transfer control of distribution.
- + If the state is committed to ABC retaining control, then it should build regional warehouses in different counties, allowing for greater access to alcohol for local sellers and thus easing the backpressure on the current distribution process.
- + Reduce regulations on craft breweries, including the length of the permitting and licensing process, and restrictions on the number of cases that can be sold directly to consumers.
- + Allow individual consumers and businesses to bring alcohol into the state without having to secure a permit from the Department of Revenue.
- + Grant municipalities and counties the ability to also grant permits for the distribution of beer, wine, and alcohol in order to facilitate the currently backlogged process.

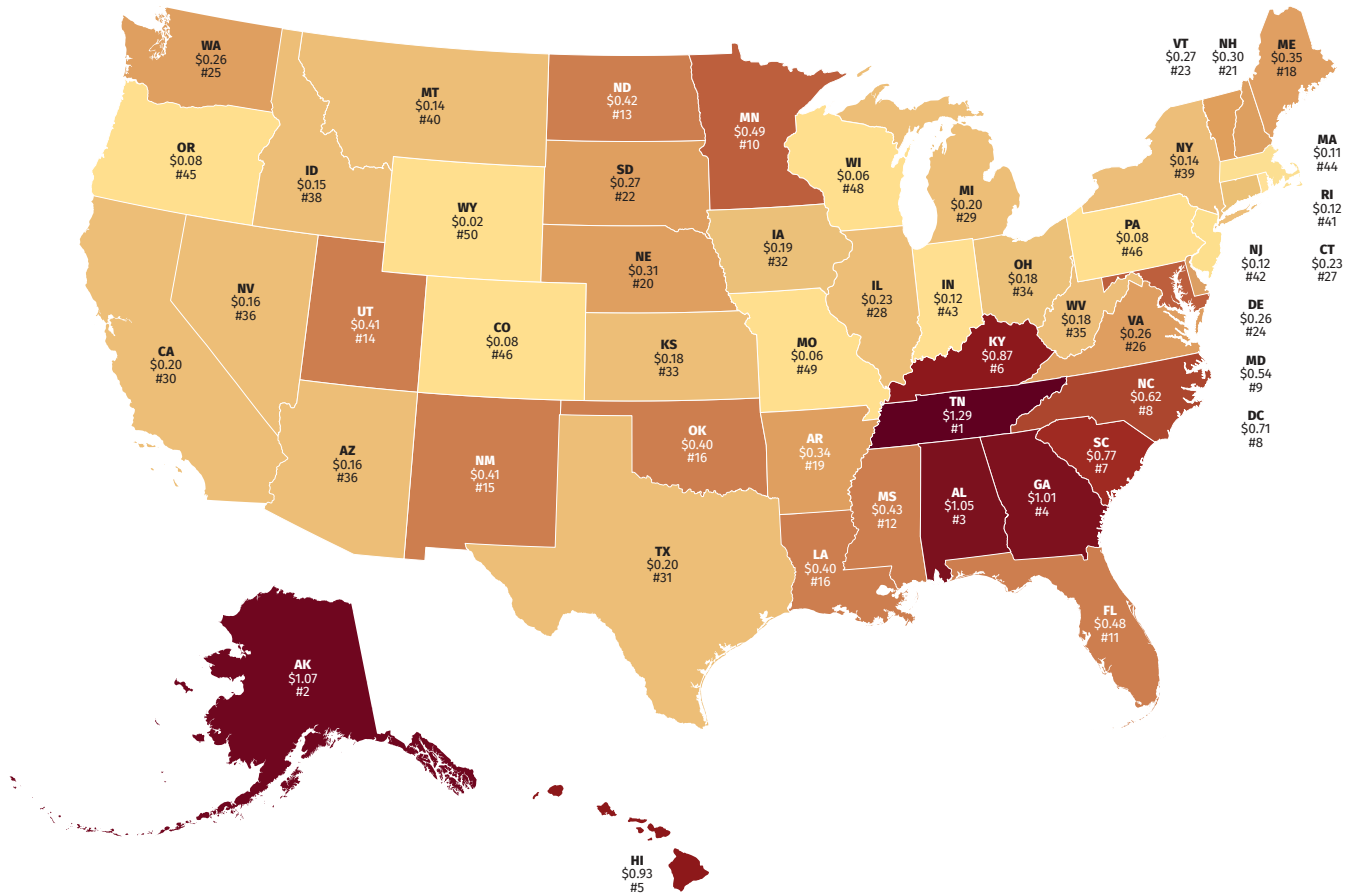
- + Ease existing overregulation on alcohol sales for off-premises consumption by allowing alcoholic beverages to be sold all day like beer currently is.
- + Remove the limitations on private beer production and allow citizens to make homemade wine and beer for people beyond the domestic household. Ease the existing complete ban on the unpermitted distillation of other beverages including whiskey, gin, rum, vodka, and similar drinks.
- + Remove the ban on in-state and out-of-state wineries from shipping and selling wine directly to consumers.
- + Allow producers to distribute and sell their own product without restriction, thus promoting market competition and removing the existing monopolies maintained by the largest national producers.
- + Remove restrictions on alcohol and liquor sales in grocery or convenience stores.

## State Control of the Sale of Distilled Spirits



Sources: National Alcohol Beverage Control Association

## State Beer Excise Tax Rates (Dollars per Gallon)



**Note:** Rates are those applicable to off-premise sales of 4.7% a.b.v beer in 12-ounce containers. At the federal level, beer is subject to differing tax rates. Small domestic brewers are taxed between \$0.11/gallon and \$0.516/gallon. All other brewers are taxed at rates between \$0.516/gallon and \$0.58/gallon. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included. Different rates are also applicable in FL, GA, HI, ID, IA, KS, MN, NC, ND, OH, OK, TX, UT, VA, WA, and WI according to alcohol content, place of production, size of container, or place purchased (on- or off-premise or onboard airlines). Rates include the statewide local rates in AL (\$0.52) and GA (\$0.53) and sales taxes specific to alcoholic beverages in AR, MD, MN, and D.C. Rates in AR and RI include case fees and/or bottle fees which may vary with the size of the container. Rates include the wholesale rate in Kentucky (10%) and Tennessee (17%), converted into a gallonage excise tax rate.

**Source:** Distilled Spirits Council of the United States, Tax Foundation