

HIGHLIGHTS OF STUDY FINDINGS



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The Perryman Group (TPG) was recently asked to examine the overall effects of the alcoholic beverages industry on business activity in the state of Texas. In addition, TPG developed estimates of the effects of alcoholic beverage sales on several representative communities of various population sizes and income levels.

Key findings from this analysis include the following:

- Business activity associated with the **alcoholic beverage industry** in Texas was found to be
 - **\$36.6 billion** in total annual spending,
 - **\$19.2 billion** in yearly output, and
 - more than **301,400 jobs**.

Tax receipts to the State total \$2.067 billion per year, while local governments see gains of \$0.622 billion per year.

- The Perryman Group's analysis of the **distilled spirits segment** of the alcoholic beverage industry indicates that it contributes
 - almost **\$10.7 billion** in spending each year,
 - **\$5.6 billion** in annual output, and
 - **90,100 jobs**.

Because of the distilled spirits industry and related economic gains, the State receives an additional \$596.7 million per year in taxes, while local governments see an increment to taxes of \$181.5 million per year.

- The Perryman Group found that **retail sales in wet regions are higher than in dry locales** (after adjusting for other factors such as income).



- Moreover, even when factors such as income patterns, general economic conditions, and overall retail trends are accounted for, TPG's analysis indicates **a statistically significant increase in retail sales following a change from dry to wet.**
- By measuring the **economic impact of the alcoholic beverage and distilled spirits segments on a representative community**, it is possible to approximate not only the current effects, but also the likely gains if such a locale elected to change from dry to wet. TPG developed three representative examples.
 - Results for a representative **small, 25,000-person community** with per-capita income 10% below the state average indicate that the net impact of sales of alcoholic beverages totals almost \$19.0 million in annual spending in the local economy, \$10.8 million in output, and **185 jobs**. The distilled spirits component of these effects is more than \$5.8 million in annual spending, nearly \$3.3 million in output, and **55 jobs**.
 - For a **town with a population of 100,000** with average incomes equal to the state as a whole, the impact of alcoholic beverage sales includes \$90.1 million in annual spending, \$50.8 million in output, and **863 jobs**. Distilled spirits account for \$27.8 million in yearly spending, \$15.5 million in output, and **264 jobs**.
 - A **community with a population of 150,000** and per-capita income levels 20% above the Texas average generates even larger effects on annual business activity of \$134.1 million in spending, \$79.7 million in output, and **1,366 jobs**. For distilled spirits, these effects are \$43.2 million in spending each year, \$25.3 million in output, and **440 jobs**.

The Fiscal Effects Associated Sales of All Alcoholic Beverages: Representative Cases

	State Tax Receipts	Local Tax Receipts	TOTAL TAX RECEIPTS
CASE I: Community of 25,000 and Per-Capita Income Equal to 90% of the Texas Level	\$1.386 million (per year)	\$0.429 million (per year)	\$1.815 million (per year)
CASE II: Community of 100,000 and Per-Capita Income Equal to 100% of the Texas Level	\$6.267 million (per year)	\$1.913 million (per year)	\$8.180 million (per year)
CASE III: Community of 150,000 and Per-Capita Income Equal to 120% of the Texas Level	\$10.449 million (per year)	\$3.141 million (per year)	\$13.590 million (per year)

The Fiscal Effects Associated with Distilled Spirits Sales: Representative Cases

	State Tax Receipts	Local Tax Receipts	TOTAL TAX RECEIPTS
CASE I: Community of 25,000 and Per-Capita Income Equal to 90% of the Texas Level	\$0.405 million (per year)	\$0.123 million (per year)	\$0.528 million (per year)
CASE II: Community of 100,000 and Per-Capita Income Equal to 100% of the Texas Level	\$1.833 million (per year)	\$0.566 million (per year)	\$2.399 million (per year)
CASE III: Community of 150,000 and Per-Capita Income Equal to 120% of the Texas Level	\$4.143 million (per year)	\$0.964 million (per year)	\$5.107 million (per year)

The Bottom Line

Clearly, sales of distilled spirits and other alcoholic beverages are a sizable source of economic activity. The industry also generates significant tax receipts.

