

The History Corner by Mike Retzlaff
THE WAR TAX – EVEN HANDED? (As reported in the American Brewer's Review, Dec. 1898)

New Orleans Brewing Industry Crippled by War Tax. — (Spanish-American War)

The oppressive weight of the war tax reinforced by an arbitrary ruling of the Internal Revenue Office has brought the brewing industry of New Orleans, La., to the verge of ruin. In an interview in the New Orleans States [newspaper], A. G. Ricks of the New Orleans Brewing Association, recently expressed himself on this subject as follows: "The war revenue act had not been in effect very long before, on a reference to him of the subject matter, Commissioner of Internal Revenue Scott ruled that wine was not subject to the payment of the stamp tax except when bottled, whereas the brewing companies were required to pay a special revenue war tax of \$1 per barrel."

'What has been the result of this unfair discrimination? Simply the serious crippling of the beer industry and an enormous increase in the consumption of clarets, which are sold here not in bottles, but in cans and pitchers and demijohns, and other receptacles without the payment of a cent of tax. As soon as we raised the price of beer to the extent of the war tax, we faced an antagonism from every saloon and corner grocery in the city. These naturally were compelled to reduce the size of their glasses sold over the counter and, in turn, there came from the public a vigorous protest against the shrinkage in quantity of the beverage served to them. We sought to ease matters somewhat by bearing a share of the tax ourselves at the expense of our moderate profits, but with little avail; for immediately the market began to be flooded with cheap California clarets and the sales of beer fell off to an alarming extent, making serious inroads upon our income and rendering it no longer possible for me to continue my successful management of the affairs of the concern.'

'Carefully prepared figures bear out all that I say. In the months of July, August and September of this year the increase in the sales of clarets in this city reached the stupendous total of 21,497 barrels, or 1,074,854 gallons, on which - I venture to say, not one cent of war tax was paid. In the same period there was a decrease in the sale of beer to the remarkable total of 19,593 barrels. You can readily appreciate, therefore, what harm the war tax has done to the beer industry, and that it will do vastly more injury is self-evident from the knowledge that there is stored in this city sufficient wine to supply all demands for the next seven or eight months.'

The Spanish-American War started at the end of April, 1898. To support the war effort, the beer tax doubled from \$1 to \$2 per 31 gal. barrel. The war lasted about 3½ months but the tax had better staying power. In 1901 the tax was reduced to \$1.60 per barrel and in 1902 it reverted to the original \$1 per barrel.

With the advent of Prohibition in 1920, there was no legally produced beer, ergo no tax was collected. One of the driving forces behind the repeal of Prohibition was to generate revenue through such taxes.

In 1933, "good beer" was back with a tax of \$5 per barrel, in 1940 it went to \$6, in 1944 to \$8, and in 1951, it went to \$9 per barrel. Today the Federal tax is \$7 per barrel for the first 60,000 barrels. Over 60,000 barrels, the tax is \$18 per barrel. Louisiana tacks on an extra \$10 per barrel; apparently for all of their help and support during those early mornings and late nights; in the heat of summer and the cold of winter.

(Thanks to Dylan Lintern @ NOLA Brewing for his help on some of the figures.)