



NYS Distillers Guild Executive Summary 2020 Economic Impact Study of the New York State Distilled Spirits Industry Prepared for NYS Distillers Guild by John Dunham & Associates

The NYS Distillers Guild is pleased to share this 2020 Economic Impact Study of the New York State Distilled Spirits Industry prepared on behalf of the Guild by John Dunham & Associates (JDA).

The study documents what members of our industry and our communities have long known: New York State's distilleries are important drivers of economic growth across many sectors of the economy including manufacturing, agriculture, tourism, hospitality and retail. New York's 160 distilleries are also significant employers, taxpayers and hubs of their communities.

The American Craft Spirits Association (ACSA) reports that the number of active craft distilleries in New York in 2019 was 160, a 60 percent increase from 2016. This extraordinary growth reflects well-executed economic development public policies in New York State. Those policies continued to help distilleries stay in business and reach their consumers in new ways during the 2020-21 pandemic. They also facilitated many New York distillers' shift to production of hand sanitizer, much of which was donated or sold at cost in support of our communities.

Following are highlights of the study regarding the industry's **Economic Impact** and the benefits of contemplated changes to New York State's **Alcoholic Beverage Production Tax Credit**.

Economic Impact: JDA's review of the distilled spirits industry in New York State, including spirits producers, distributors, retailers, and suppliers, and their respective impacts, shows that:

- **Overall** the New York State distilled spirits industry:
 - Supported an economic output of **\$4.4 billion, of which \$3.2 billion** impacted New York State directly
 - Created **11,540 full time jobs**
 - Paid **\$962.2 million** in wages and benefits

- The New York State distilled spirits industry, including **wholesale and retail**:
 - Created **6,010 jobs**
 - Generated **\$537.4 million in wages**
 - Paid an average of **\$83,400 in annual wages and benefits**
 - Provided **total wages of \$962.2 million**
- New York State spirits in the on- and off-premise **retail and hospitality** sectors:
 - Generated **3,260 jobs**
 - Paid **\$119.9 million in wages**
 - Equated to **\$276.1 million** in economic activity
- New York State's **160 distilleries**:
 - Provided **1,350 (FTE) jobs**
 - Paid **\$348.6 million** in wages and benefits
 - Generated **\$2.7 billion** in economic activity

Distiller contributions to the **tourism** and **supplier businesses** and **induced impact** (impact of spending of wages earned by employees in distilling and related industries) are detailed in this study. The study also documents **fiscal impacts** in the form of federal and state/local taxes paid by the industry, its employees, and consumers. The study estimates federal taxes at **\$391 million**, with state/local taxes at **\$1.149 billion**, for a combined tax contribution of **\$1.540 billion**.

Alcoholic Beverage Production Tax Credit: The New York Legislature has considered legislation that would increase an Alcoholic Beverage Production Tax Credit for distillers, which could be taken up again in 2021.

A survey of New York State distillers found that most distillers would reinvest any monies received from an increased tax credit in their businesses in ways that would allow them to increase production and generate significant economic growth for New York State.

Distillers said they would:

- Invest in equipment including fermenters, tanks, stills, tuns, and chillers;
- Increase spending on supplies like barrels, grain, grapes, and honey, with 95% of those supplies coming from within New York; and
- Hire additional staff in New York, creating as many as 123 new FTE jobs, and invest more in marketing, advertising, and other professional services.

JDA estimates that enactment of a contemplated increase for distillers in the Alcoholic Beverage Production Tax Credit would generate more than \$2.21 for every dollar (on net) refunded to craft distillers by the state.