



May 8, 2024

The Honorable Tate Reeves  
State of Mississippi  
550 High Street  
Sillers Building, 19<sup>th</sup> Floor  
Jackson, MS 39201

Dear Governor Reeves,

The American Distilled Spirits Alliance (ADSA), the Distilled Spirits Council of the United States (DISCUS) and the Wine Institute (WI) urge you to **veto HB 1354** and avoid another unfair and unnecessary increase in the state bailment fee on every case of wine and spirits coming into the state Alcohol Beverage Control (ABC) warehouse.

The Mississippi Legislature just voted to raise prices on every bottle of wine and spirits in the state by passing a 50% bailment fee increase and has now put this *tax increase* on your desk. The new fee would be \$1.50 per case which is up from \$1.00 in 2022. Prior to 2022, there was no such tax in the great state of Mississippi.

Bailment is the transfer of personal property to another entity to temporarily hold, without transfer of ownership. There sometimes can be a fee for doing so. In the case of HB 1354 regarding the state ABC warehouse, the current \$1.00 bailment fee and now the newly proposed increased \$1.50 bailment fee is being used to construct a new warehouse and its debt service, but will then continue to be collected by the state in perpetuity.

This is not a bailment fee. This is a clear tax on an entire private industry to pay for a public facility. To make matters worse, HB 1354 has no sunset date even after the new facility is built and paid for, where at that time this tax will go to the state's general fund. The Legislature is asking private manufacturers to pay for a public warehouse that, over the bonding period, will cost manufacturers more than \$152 million.

This comes at a time when Mississippi's hospitality industry has yet to fully recover from the pandemic while continuing to face new economic challenges like staffing shortages, inflation and supply chain disruptions. This fee will only continue to make things more expensive for Mississippi consumers, retailers and restaurants. Mississippi's current bailment, freight and handling fees already make it the second highest fee control state behind Wyoming. However, Mississippi imposes a significantly greater markup and

state excise tax on spirits compared to Wyoming. Additionally, neighboring Alabama's current fees sit at only \$1.62 per case, whereas Mississippi, under this proposed new fee, would increase to \$6.50 per case. And as prices increase, consumers in border towns will simply drive across state lines into Tennessee, Louisiana or Alabama to buy the same products at a cheaper price.

We urge you to veto this misguided proposal that would harm consumers and local businesses in the state.

Sincerely,

**Corey Staniscia**

Vice President of State Government Relations  
Distilled Spirits Council of the United States

**Tom Perrick**

National Director  
American Distilled Spirits Alliance

**L. Hunter Limbaugh**

Southeastern Counsel  
Wine Institute