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How the 50% Alcohol Tax Raise will Impact Small Businesses

By David Wolinsky, November 19, 2011



As reported Monday in our sexy sister blog Ward Room, the Cook County Board voted 12-5 to raise alcohol taxes 50 percent. If you're a small-business owner who runs a restaurant with a liquor license, or a bar, or any place tasty spirits are imbibed, this is understandably making that vein in your left temple begin to throb.

But there's some potential good news to temper this huge shift -- even though the tradeoff is that sales taxes will decline -- and that's that overall, the recession has had little impact on alcohol sales, according to a report by Sageworks, which does financial analysis on privately held companies. Melinda Crump, who handles media relations for Sageworks, elaborates further: "Even a recession didn't stop alcohol sales, and on that note people will likely pay the increased tax... when most industries were in the red and posting negative numbers over 2009, alcohol did not."

Still, if she's wrong, that's a mighty big gamble.

Other evidence suggests she might not be, though: Hedy Ratner, the co-president of the Women's Business Development Center says she has no research or any information at all indicating "that increased taxes on alcohol or cigars has an adverse effect on small business but I do know that all evidence indicates that a decrease in sales taxes has a positive impact on sales, especially in retail and particularly with small retail businesses."

On the other hand, to take off our small-business-tinted glasses for a moment, there is another upside to raising the price for booze: It makes it that much harder for kids to purchase it illegally. Or at least more expensive to do so. And if grown-ups are scrambling for money, aren't they less likely to give what they have to Junior and Girl Junior?

On the other other hand, it'll still be more expensive to stock alcohol, too. It's a real lose-win-win, huh?

For the full story featuring Sageworks' analysis, please visit [NBC Chicago - How the 50% Alcohol Tax Raise will Impact Small Businesses.](#)