



Tax Increase May Drive Jack Daniel's to Michigan

When Jack Daniel founded a whiskey distillery in Lynchburg, Tennessee (left), in 1875, he could little have guessed that over a century and a quarter later, the company would be so wildly successful or have remained in the same county the entire time. But now, nothing less than taxes might drive it to another state.

Jack Daniels is the largest employer in Moore County (pop. 5,740) and accounts for a third of its tax base. According to *FoxNews.com* Oct. 21, 60 percent of the price of a bottle of the companys whiskey is some form of tax. The company is also the largest sales-tax generator in the county. As such, Senior VP and General Manager Tommy Beam said the company is contributing its fair share. Yet a private citizen is leading the effort to increase the distillers taxes by another \$10 per barrel. Charles Rogers claims We are [entitled](#) to more money from the only industry in the county Jack Daniels distillery. They (Jack Daniels) created the image of this little old hamlet down here being the place where this fantastic whiskey is being made. And the people didn't realize what was going on. They were being marketed all over the world as the place. Rogers says the Daniels image comes from the town and that the community is entitled to the money the same way a film company pays usage fees for a location.

Beam said, Its a job killer because it ups our costs. Were competing in a global marketplace. The tax would cost the company an additional \$4 million a year, a cost that would undoubtedly be passed on to the consumer. Or, as Beam says, We have been able to hire 25 or 30 people in the last four or five months. And if our costs go up \$4 or \$5 million dollars, that's probably going to make us a little less competitive. So, we might not grow as much.

The barrel tax effort began in 2007, but when first proposed, it failed. Beam added, Its difficult to understand why a company with so much economic importance to the area would be singled out to tax just because its successful. Were already the most taxed industry in the county.



Written by [Kelly Holt](#) on November 21, 2011

But the scheme could backfire on Rogers. State Representative David Alexander believes the tax is a bad idea, but has vowed to sponsor legislation if requested by the county council. And [Michigan House Speaker](#) Jase Bolger is watching from the wings, already courting Jack Daniels as a possible new business for a state starved for jobs. He wrote a letter to Beam earlier this month to convince him that his state is tax-friendly and has abundant fresh water, and even invited company execs to visit Michigan. County Clerk Nancy Hatfield told Fox that relocation isn't out of the question.

She said some county officials don't think the state government will end up approving the ballot question anyway an issue state legislators won't take up until the General Assembly reconvenes in January 2012. Locals are divided on whether the legislation will make it to a ballot, or whether the company will move if it is implemented.

And there's another important point to consider: The county attracts over 250,000 tourists a year, most of whom are attracted by the presence of the Jack Daniels distillery. That's a lot of tourist dollars that will leave if the company does. And Beam rightfully claims that taxing a company simply because it is unsuccessful is fundamentally unfair. That's not free enterprise and that's not what this country was built on, he said. I saw a quote the other day that said that a person used to look at a successful person and say now, what do I have to do to become like that? Whereas now, they might look at him and say, what can I do to get what they've got."

A lesson that seems to be lost on modern lawmakers. Far too often, some governments believe job creators are a bottomless barrel of revenue that can be tapped again and again," Bolger wrote.



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