

Unleashing the Healthful and Economic Power of Kombucha

What is Kombucha and Why Do People Drink It?

- 🌿 Kombucha is a fermented tea, naturally rich in probiotics and healthy acids.
- 🌿 Kombucha is low in sugar, calories and caffeine.
- 🌿 Like other fermented foods, kombucha is raw but safe thanks to its acidic nature.
- 🌿 You can find kombucha at supermarkets, convenience stores, coffee shops and even on tap in popular restaurants.
- 🌿 Consumers love kombucha for its great taste, health benefits, and as an appealing alternative to sugary beverages.

Economic Impact of Kombucha

- 🌿 Kombucha is one of the fastest growing beverage categories, with an economic impact of more than \$1.5B in 2017; projected to be \$2.2B by 2020.
- 🌿 In the United States, more than 7,500 people work directly in the kombucha industry.
- 🌿 Hundreds of regional brands produce and distribute kombucha locally.

The Trace Amount of Alcohol in Kombucha

- 🌿 Alcohol is a naturally occurring byproduct of fermentation; therefore there is a trace amount of alcohol in kombucha.
- 🌿 This amount is usually less than 0.5%, but because of the natural process of fermentation alcohol content may occasionally increase slightly.
- 🌿 Beverages with more than 0.5% alcohol by volume (ABV) are subject to taxation under the Internal Revenue Code (IRC).
- 🌿 Consumers **do not** buy and drink kombucha because of its small alcohol content.
- 🌿 Because of the natural fermentation process, kombucha and beer are taxed the same way under the IRC, even though these products are not at all similar in composition or consumption.
- 🌿 This unintended consequence unfairly taxes the kombucha industry, thereby jeopardizing industry expansion.

The Solution

- 🌿 Amend the IRC to increase the ABV limit for kombucha to 1.25%.
- 🌿 This change would recognize the fact that natural fermentation may cause kombucha to slightly exceed 0.5% ABV.
- 🌿 This recognition is in line with laws in Canada, the EU and Australia.
- 🌿 This fix would allow for the kombucha industry to grow—including new main street jobs and increased economic investments—without being hit with the excise taxes intended for beer.

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