

Unleashing the Healthful and Economic Power of Kombucha

(rev 3/19)

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 projected to be \$2.2B by 2020 and to be over \$5B by 2025.
- 🌿 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.

For additional information, contact Hannah Crum at president@kombuchabrewers.org, Amelia Winslow at amelia@health-ade.com, or David Ransom at dransom@mwe.com.