Canned Cocktails - Principles

The Brewers Association (BA) believes there are fundamental distinctions between beer and distilled spirits, and that these differences have long shaped appropriate regulatory and tax frameworks. Policies that blur these distinctions, particularly those that advantage large, often foreign-owned liquor producers, risk undermining effective alcohol regulation and diverting resources from broader public priorities.

A current example is the rapid growth of spirits-based canned cocktails, sometimes also called ready-to-drink (RTD) spirits beverages. After surging during the pandemic, the category continues to expand, with DISCUS reporting canned cocktails have more than doubled their market share since 2021 and were up 11 percentage points in market share in 2025. Premixed cocktails including spirits RTDs were up to $3.8 billion from $540 million (+16.4%).

Canned cocktails remain one of the fastest-growing segments in beverage alcohol.

Efforts to “equalize” taxes and regulations between beer and spirits would create an uneven playing field. Lowering taxes on spirits-based canned cocktails reduces price differentiation, allowing large multinational producers to compete directly for limited shelf and cold box space, often at the expense of small and independent brewers and the jobs they support. Craft beer is labor-intensive and locally rooted, supporting communities across the country. By contrast, many canned cocktails are produced by blending bulk distilled spirits manufactured at scale by a handful of global corporations with flavorings and packaging. Policymakers should carefully consider whether tax reductions for these products effectively function as subsidies to large, frequently foreign-owned corporations, rather than investments in local economies.

Canned cocktails also represent part of a broader long-term strategy to normalize expanded market access for full-strength spirits. Products branded with well-known liquor labels such as vodka, tequila, rum, and gin leverage established brand equity to gain shelf presence and consumer familiarity. This strategy risks eroding longstanding policy distinctions between beer and spirits that have served both public health and market balance objectives.

At the same time, these products are marketed as premium offerings, often emphasizing the use of “real vodka” or other distilled spirits. Yet producers seek to have them taxed at lower, beer-like rates. This

creates a fundamental inconsistency: benefiting from the branding and perception of premium liquor while avoiding the corresponding tax structure.

Evidence from states that have reduced taxes on spirits-based canned cocktails raises further concerns. In places like Nebraska and Michigan, tax reductions intended to benefit consumers were not passed through in the form of lower prices. Instead, retail prices increased, allowing producers to capture additional margin, effectively benefiting twice from the same policy change.

Finally, the underlying differences between beer and distilled spirits remain significant. The average distilled spirits product in the U.S. is about 37% alcohol by volume, compared to roughly 4–5% ABV for beer. These differences are central to why the products have historically been regulated and taxed differently.

Bottom Line

States should be cautious about extending beer-like tax treatment to spirits-based canned cocktails. The category is already experiencing strong growth without additional subsidies. Reducing taxes risks eroding state revenues, disadvantaging small and independent brewers, and shifting market power toward large global corporations without delivering clear benefits to consumers or local economies.