New Mexico is Big on Microbrews
Adam Garcia, Economist

Governor Susana Martinez recently visited Santa Fe Brewing Co. in celebration of the expansion of its manufacturing and production facility. The expansion is expected to create 105 jobs within the next five years. The expansion was largely due to the legislature passing a measure that modified the craft beer wholesale excise tax structure, which Governor Martinez supported. As discussed in this article, the brewery industry has experienced a strong growth trend in recent years, and, with the newly modified craft beer wholesale tax, we should expect to see the recent trend continuing in the future.

The North American Identification Classification System (NAICS) definition of a brewery is as follows: an establishment primarily engaged in brewing beer, ale, malt liquor, and nonalcoholic beer. According to the New Mexico Taxation and Revenue Department (NM TRD), a microbrewer is a person or business that produces less than 5,000 barrels of beer in a year. In 2013, New Mexico ranked 12th in the nation for breweries per capita (see Exhibit 1), and 26th in small or “craft” breweries per capita. New Mexico breweries production in 2013 was 58,247 barrels, representing 1.2 gallons per adult 21 and older; New Mexico was ranked 23rd in the nation for production per capita. The economic impact in 2013 was $264.5 million, or $178 per capita. (Source: Brewers Association)

Though the state’s brewing establishments are most concentrated in Albuquerque and Santa
Fe, they’re spread throughout the state in 30 communities, from Farmington and Taos to Las Cruces and Artesia (see Exhibit 2). Many of the microbreweries currently doing business in New Mexico are in rural areas of the state and create employment opportunities in those areas. Moreover, breweries actively promote tourism by exporting New Mexico products. (Source map courtesy of NM Brewers Guild.)

Exhibit 3 shows New Mexico’s top five breweries (including microbreweries) by employment in 2012. These top five breweries employed 100 people as of 2012. Marble Brewery employed 35 people and produced 11,000 barrels in 2012. Santa Fe Brewing Co. employed 30 people and produced 13,800 barrels. ABQ Brew Pub employed 20 people and produced 1,000 barrels. Rio Grande and Sierra Blanca Brewing Co. employed eight people and produced 6,500 barrels. La Cazuelas Brewing employed seven people and produced 600 barrels in 2012. Exhibit 4 shows the top ten breweries (including microbreweries) by barrels produced in 2012. In total, these ten breweries/microbreweries produced just under 40,000 barrels.

Sales of Micro Beer Skyrockets

Based on NM TRD data, sales of liquor dropped from 1,059,062 liters in 2006 to 717,450 liters in 2013, representing a drop of 32 percent. Sales of wine dropped from 1,316,689 liters in 2006 to 904,129 liters in 2013, a drop of 31 percent. Sales of beer from large breweries (producing 5,000 or more barrels annually) dropped from 3,902,390 gallons in 2006 to 3,643,526 gallons in 2013, a drop of 7 percent. The only increase in sales during this period was in micro beer. Sales increased 124 percent during the eight-year period, from 18,427

Growth in Alcohol Sold in New Mexico from 2006 to 2013

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gallons in 2007 to 41,210 gallons in 2013. Micro beer sales greatly outpaced sales of wine and liquor. Beginning in 2014 and extending through 2023, the definition of a microbrewer will change from a person or business that produces less than 5,000 barrels of beer in a year to a person or business that produces less than 15,000 barrels in a year (see Exhibit 5).

**More Brewers, More Jobs**

With the increase in sales, the number of brewing establishments in New Mexico has more than tripled since 2003, going from six in 2003 to 19 in 2013. This data is based on the Quarterly Census of Employment and Wages (QCEW) program, which counts employment from unemployment insurance tax records. Per the Brewers Association, however, there are more than 30 breweries in the state. The basis for the difference in brewery count is related to how the QCEW program categorizes breweries in New Mexico. QCEW follows the NAICS definition of a brewery. At the same time, if an establishment brews its own beer but operates more like a restaurant and makes more profit from serving food it is categorized as a restaurant under QCEW. Exhibit 6 shows the increase in employment and wages at breweries from 2010 to 2013 based on QCEW. Employment jumped from 132 in 2003 to 298 in 2013. Total wages also increased significantly, jumping from $1.5 million in 2003 to $6.4 million in 2013. These numbers are based on how QCEW defines brewing establishments. If using the Brewers Association definition, establishments and employment would likely be much higher.

**Occupational Employment**

Based on data from the NMDWS Occupational Employment Statistics program, there are over 20 occupations found in the brewery industry, from industrial truck and tractor operators to food batch makers. Exhibit 7 shows the top five occupations found within the industry. Packaging and filling machine operators and tenders make up 19.3 percent, with a median wage of $20,080. Separating, filtering, clarifying, precipitating, and still machine setters, operators, and tenders make up 15.9 percent, with a median wage of $31,540. Industrial machinery mechanics make up 5.8 percent, with a median wage of $46,450. Wholesale and manufacturing sales representatives make up 4.2 percent, with a median wage of $47,820. Waiters and waitresses make up 3.7 percent of the industry, with a median wage of $20,300.

New breweries are in the works throughout New Mexico, so the strong growth trend experienced in recent years is likely to continue in the near future. Also, the Brewers Association, which keeps a list of possible new breweries by state, reports that at least 15 are in the planning stage in New Mexico.