

Increase Taxes on Alcoholic Beverages to Ease the Deficit, Raise Revenue, and Reduce Alcohol Costs



Dear Member of Congress:

As organizations concerned with public health and safety, alcohol and other drug abuse prevention and treatment, fiscal responsibility, and the well being of young people and families, **we strongly urge the 111th Congress to seriously consider a long over-due alcohol tax increase to achieve budgetary goals and help pay for the prevention and treatment of alcohol-related problems.** We correspondingly urge you to refrain from co-sponsoring alcoholic-beverage industry-backed legislation to reduce alcohol excise taxes, and to reject alcoholic-beverage industry appeals to include such cuts in any new tax proposals under consideration in the 111th Congress.

Congress has many reasons to increase the federal excise taxes on alcoholic beverages:

An increase in federal alcohol excise taxes is long overdue. In the past 55 years, the federal excise tax on beer has been raised just once, in 1991, under the *Revenue Reconciliation Act of 1990*. Failure to adjust the tax rates for inflation has caused a 41 percent decline in their value since 1991, resulting in a loss of \$24 billion in potential revenues that could have helped fund essential health and human needs programs or reduce the deficit.

An increase in federal alcohol excise taxes is justified. Alcohol use is the third leading cause of early mortality in our country. Like tobacco, it imposes enormous economic costs on society – some \$185 billion per year according to the latest government estimates – and causes some 85,000 deaths. By comparison, federal alcohol excise tax revenues amounted to only \$9.3 billion in 2007, \$3.7 billion of it from beer. Current alcohol-tax revenues don't come close to offsetting the staggering public health and safety costs of alcohol consumption. Recognizing that cheap alcohol puts it in easier reach of kids, the National Academies of Science Institute of Medicine has recommended alcohol tax increases, especially on beer. That call was echoed in a 2005 petition to Congress from 60 of America's leading economists, notably including 4 Nobel Prize winners, who agreed that an alcohol tax increase is overdue and well-justified.

An increase in federal alcohol excise taxes is popular, compared with cutting critical social programs. Consumers support higher taxes on alcohol, especially to fund health-care needs. That's because alcoholic beverages annually account for only about 1% of average consumer expenditures. And alcohol consumption is heavily concentrated among a minority (the top 20% of drinkers) who consume 85% of all the alcohol. One-third of adults do not drink at all, and 60% of drinkers consume no more than 3 drinks a week on average.

An increase in federal alcohol excise taxes is fair. A tax increase on alcoholic beverages will not unduly burden low-income people, who drink at lower rates than those with higher incomes. For example, according to Adams Beer Report, 33.7% of consumers with incomes greater than \$75,000 drink regular beer, compared to an average of only 25.7% of consumers with incomes less than \$40,000. Only 22% of consumers with incomes less than \$20,000 drink regular beer. Beer drinkers are over-represented among those in higher income categories. Sixty percent of beer consumers have incomes above \$40,000, compared to only 53.4% of the entire adult population at that income level.

A 2008 report of the Congressional Budget Office estimated that modestly increasing and reforming alcohol taxes could generate more than \$28 billion in new revenue over five years. Resulting reductions in problem drinking would produce further significant savings in health care expenditures (for both the drinker and affected family members), and decreased law enforcement and other alcohol-related costs. **Please support a seriously overdue and well-justified increase in the federal excise tax on alcoholic beverages, and resist alcohol-industry appeals to lower them. It's the right thing to do.**

If we can be of any assistance to you on this important issue, please contact Kimberly Crump of the Center for Science in the Public Interest at (202) 777-8338. Thank you for your consideration.

Sincerely,

National Organizations:

American College Health Association
American College of Preventive Medicine
American Public Health Association
American Society of Addiction Medicine
Center for Science in the Public Interest
Consumer Federation of America
FACE-Resources, Training and Action on Alcohol Issues
Faces & Voices of Recovery
Legal Action Center
Marin Institute
NAADAC, the Association for Addiction Professionals
National Association for Addiction Treatment Providers
National Association for Children of Alcoholics
National Council on Alcohol and Drug Dependence (NCADD)
National Council for Community Behavioral Healthcare
Partnership for Prevention
Society for Adolescent Medicine
State Associations of Addiction Services
The National Center on Addiction and Substance Abuse (CASA) at Columbia University
United Methodist Church – General Board of Church and Society
Youth Leadership Institute

State and Local Organizations:

622 Communities Partnership, Inc. (NCADD, MN)
Addiction Resource Council, Inc (Waukesha, WI)
Alliance for Substance Abuse Prevention Coalition (Nantucket, MA NCADD Affiliate)
Central Nebraska Council on Alcoholism and Addiction (NE)
Chautauqua Alcoholism & Substance Abuse Council (NY)
Council on Addictions of New York State (CANYS)
Council on Alcohol and Drugs (GA)
Drug Free Action Alliance (OH)
Erie County Council for the Prevention of Alcohol and Substance Abuse (NY)
Friends of Recovery of Delaware and Otsego Counties, (NY)
Georgia Coalition to Prevent Underage Drinking (GA)
Impact DWI (Santa Fe, NM)
justCommunity, Inc. (PA)
LEAF Council on Alcoholism and Addictions (Oneonta, NY)
NCADD – New Jersey (Robbinsville, NJ)
NCADD Tulare Co., Inc. (CA)
National Council Alcoholism and Drug Dependence (Juneau, AK)
National Council on Alcoholism and Drug Dependence, Sacramento Region Affiliate (CA)
New York State - OASAS, Stutzman Addiction Treatment Center (NY)
Northern Lights Youth Services (SADD, Hillsboro ND)
Ohio Citizen Advocates for Chemical Dependency (OH) Prevention & Treatment (OH)
Oregon Partnership (OR)
Osborne Community Coalition (GA)
Recovery Resources (NCADD/Cleveland, OH)
St. Joseph's Rehabilitation Center (Malone, NY)
Seaway Valley Council for Alcohol/Substance Abuse Prevention, Inc. (Canton, NY)
Socorro County DWI Program (Socorro NM)