

RAISE ALCOHOLIC-BEVERAGE TAXES, DON'T LOWER THEM IN THE 110TH CONGRESS

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 110th 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 110th Congress.

Congress has many reasons to INCREASE (not lower) federal excise taxes on alcoholic beverages:

An increase in federal alcohol excise taxes is long overdue. In the last 50 years, effective tax rates on alcoholic beverages have fallen dramatically with inflation. As prices rise, the relative importance of the taxes shrinks, unless Congress raises them. For example, had the beer tax merely kept up with inflation, it would be more than three times today's rate of \$18 per barrel; the liquor tax would be more than five times its current rate of \$13.50 per proof gallon. In fact, beer and wine taxes have been raised only once in the past 55 years, liquor taxes only twice. As a result, tax revenues that accounted for 12 percent of the sales of alcohol in 1980 now amount to only 7 percent of total sales. The result is a de facto subsidy on drinking and extra profits for alcohol manufacturers at the expense of taxpayers.

An increase in federal alcohol excise taxes is justified. Current alcohol-tax revenues (some \$8.9 billion at federal level) don't come close to offsetting the staggering public health and safety costs of alcohol consumption – estimated at \$184 billion per year, including \$62 billion per year for the costs of underage drinking alone. Recognizing that cheap alcohol puts it in easier reach of kids, the National Academy of Sciences recommended alcohol tax increases, especially on beer. That call was echoed last spring in a 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. Most Americans would barely notice a tax change, because they either don't drink (35%) or drink sparingly (55%). A tax increase would affect primarily the minority (20%) of drinkers who consume some 85% of all the alcohol. In a national survey, nearly 82 percent of adults favored an increase of five cents per drink in the tax on beer, wine, or liquor to pay for programs to prevent minors from drinking and to increase the availability of alcohol treatment programs. In surveys on alcohol excise taxes conducted in several states, results have consistently shown that between 76 and 80 percent of respondents believe that increasing alcohol taxes is "good" or "acceptable," or that they support an increase in alcohol excise taxes.

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

(over)

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.

Even with the last increase in 1991 (under the *Revenue Reconciliation Act of 1990*), the relative price of beer has fallen by more than 25 percent relative to the Consumer Price Index, and the price of liquor has fallen almost 50 percent over the past five decades. Meanwhile, alcohol sales have flourished. Beer sales have grown steadily over the past 15 years, from \$44.6 billion in 1989 to nearly \$82.4 billion in 2004. In the same period, spirits sales soared more than \$20 billion and wine sales grew by \$11.4 billion.

A 2005 report of the Congressional Budget Office estimated that modestly increasing and reforming alcohol taxes could generate almost \$27 billion in new revenue over five years. **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. Such an increase is historically over-due, justified, popular, fair – and the right thing to do.** If we can be of any assistance to you on this important issue, please contact Kimberly Miller of the Center for Science in the Public Interest at (202) 777-8338. Thank you for your consideration.

Sincerely,

Alcohol & Addictions Resource Center, NCADD (South Bend, IN)
Alcohol/Drug Council of North Carolina
Alpha Project Casa Raphael (Vista, CA)
American College Health Association
American College of Preventative Medicine
American Public Health Association
Center Point, Inc. (San Rafael, CA)
Center for Science in the Public Interest
Chautauqua Alcoholism & Substance Abuse Council, Inc. (Jamestown, NY)
Consumer Federation of America
Council on Addictions of New York State, NCADD (Cooperstown, NY)
Council on Alcoholism and Drug Abuse of Sullivan County, Inc. (Monticello, NY)
C.U.R.A. Incorporated (Fremont, CA)
DePaul Addiction Services, NCADD Affiliate (Rochester, NY)
Employee & Family Resources – NCADD (Des Moines, IA)
Erie County Drug and Alcohol Coalition (Pennsylvania)
Ethics & Religious Liberty Commission, Southern Baptist Convention
Faces & Voices of Recovery
Focus on Community, NCADD (Racine, WI)
Gateway Foundation, Corrections Management Office (Houston, TX)
General Board of Church and Society of the United Methodist Church
Help/Project Samaritan (Bronx, NY)
Holding Associates (New York, NY)
INSPIREHealth.org (Scottsdale, AZ)
Legal Action Center

Maine Association of Substance Abuse Programs (Augusta, Maine)
Marin Institute
Mountain Council on Alcohol and Drug Dependence (Asheville, NC)
NAADAC, The Association for Addiction Professionals
National Association of Pediatric Nurse Practitioners (NAPNAP)
National Council on Alcoholism and Drug Dependence – Juneau, AK
National Council on Alcoholism and Drug Dependence – Phoenix, AZ
National Council on Alcoholism and Drug Dependence – San Diego, CA
National Council on Alcoholism and Drug Dependence, National Office
National Council on Alcoholism and Drug Dependence - Robbinsville, NJ
New York Therapeutic Communities (New York NY)
Oasis Behavioral Health Services, L.L.C. (Barboursville, WV)
NOVA Inc., (Phoenix, AZ)
Samaritan Village, Inc. (Briarville, NY)
Security On Campus, Inc.
Smokefree Pennsylvania (Pittsburgh, PA)
Society for Adolescent Medicine
State Associations of Addiction Services (SAAS)
Swain Recovery Center (Black Mountain, NC)
The Alcoholism & Drug Abuse Council (Goshen, NY)
The National Center on Addiction and Substance Abuse at Columbia University
The New Mexico Alcohol Issues Consortium
Wisconsin Prevention Network
Youth Leadership Institute

* *National organizations in bold.*