

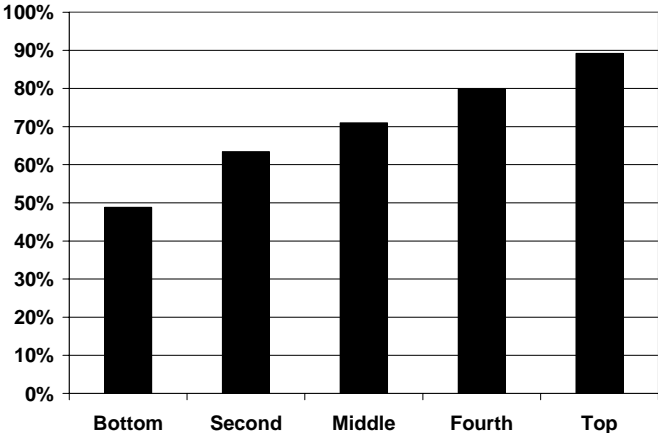
# FACT SHEET

## Do higher alcohol taxes really hurt lower-income people?

The alcoholic-beverage industry, especially, decries the alleged regressivity of alcohol taxes: that they hurt the poor most. In fact, several factors related to alcohol consumption and expenditures for alcohol across income classes demonstrate that the impact on lower-income people, overall, would be negligible.

Compared to upper-income consumers, lower-income families are far less likely to purchase or consume alcoholic beverages.

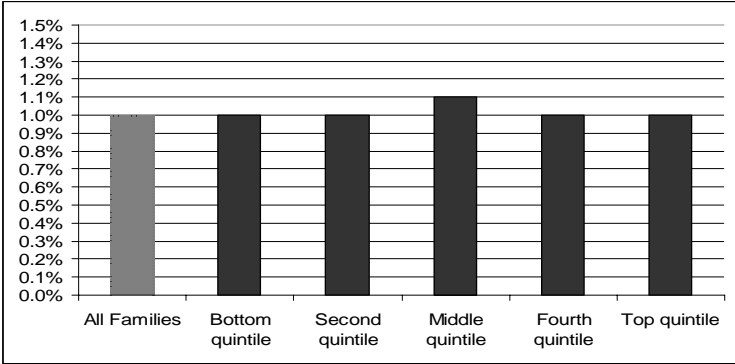
### Percentage of Families that Buy Alcoholic Beverages, by Income Quintile



Source: Federal Taxation of Tobacco, Alcoholic Beverages, and Motor Fuels, Congressional Budget Office, August 1990.

Americans' spending on alcohol is small and proportional to their income—only one percent of their total expenditures—regardless of income.

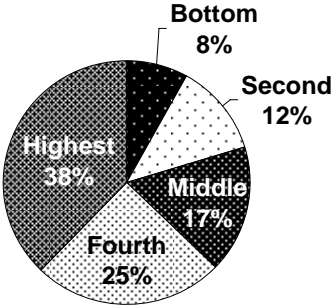
### Expenditures on Alcoholic Beverages as a Percentage of Total Expenditures, by Income Quintile (All Families)



Source: U.S. Bureau of Labor Statistics, Consumer Expenditures Survey, 2006.

By far, most of the alcohol is bought by people in the upper-income brackets. People in the bottom quintile consume only about eight percent of alcoholic beverages.

### Share of Total Expenditures on Alcohol by Income Quintile (All Families)



Source: U.S. Bureau of Labor Statistics, Consumer Expenditures Survey, 2005.

Alcohol purchases among those consumers in the lowest income quintile are highly concentrated in a relatively small percentage of families.

### Percent of Expenditures on Alcoholic Beverages Made by Families with the Highest Expenditures, by Income Quintile

	Top 10 %	Top 20%
Bottom	59.4	82.8
Second	52.3	74.6
Middle	45.4	67.5
Fourth	38.6	59.3
Top	34.7	54.3

Source: Federal Taxation of Tobacco, Alcoholic Beverages, and Motor Fuels, Congressional Budget Office, August 1990.

Among consumers in the bottom quintile, the 20 percent who consume the most account for 83 percent of the alcohol purchased. Because fewer than half of consumers in that income bracket have expenditures for alcohol, that means that 10 percent of the lowest-income consumers buy more than 80 percent of the alcohol. Those heavy drinkers, not lower-income people generally, pay the lion's share of taxes today and would bear the burden of any tax increase.

**Even among beer drinkers, most of the taxes are paid by people in the upper-income brackets.** Despite popular belief, beer drinkers tend to be wealthier than average: 59.6% of beer consumers earn \$60,000 or more annually, while only 52.0% of the general population earns that much.

### Income Distribution of Beer Consumers

	\$75,000 and over	\$60,000-\$74,999	\$50,000-\$59,999	\$40,000-\$49,999	\$30,000-\$39,999	\$20,000-\$29,999	Under \$20,000	Total
Percent of beer drinkers	49.0	10.6	7.7	8.1	8.5	7.5	8.6	100.0
Percent of U.S. Adult Population	42.0	10.0	7.9	8.8	9.6	9.1	12.4	100.0

Source: Adams Beer Handbook 2008

**Higher-income consumers are much more likely to drink beer than people with low incomes.** Over half (53.7%) of adults earning \$75,000 or more are beer drinkers, whereas only 31.8 percent of individuals earning less than \$20,000 are beer drinkers.

### Percentage of Adults Who Drink Beer by Income Level

Category	\$75,000 and over	\$60,000-\$74,999	\$50,000-\$59,999	\$40,000-\$49,999	\$30,000-\$39,999	\$20,000-\$29,999	Under \$20,000
Percent of beer drinkers	53.7	47.5	44.6	42.7	40.6	38.2	31.8

Source: Adams Beer Handbook 2008

**Bottom line on alcohol taxes and low-income consumers:** Low-income people, overall, drink less than upper-income consumers. The percentage of low-income families that buy alcoholic beverages is significantly less than the share of upper-income consumers who do. Fewer than half of families in the bottom quintile spend any money on alcoholic beverages.

Even though low-income consumers have far less income, the percentage of their total expenditures devoted to alcoholic beverages is not much different from what upper-income consumers spend.

And, among alcohol consumers, heavy expenditures for alcohol are far more concentrated within a small percentage of low-income families than they are among wealthier consumers. Thus, only a very small minority of lower-income consumers feels the brunt of alcohol taxes today or would be affected by alcohol-tax increases.