



Promoting Health and Cost Control in States:

How States Can Improve Community Health & Well-being Through Policy Change

Alcohol Pricing Strategies

Background

Every year, about 88,000 people die from alcohol-related causes, making excessive alcohol consumption the third leading cause of preventable death in the United States.^{2,3} Excessive alcohol consumption can increase the risk of developing a range of health conditions including heart disease, liver disease, and some cancers.⁴ Alcohol misuse can also result in injuries and deaths from alcohol-related vehicle crashes, violence and crime.⁵

In addition, excessive drinking costs the nation over \$250 billion per year in lost workplace productivity, healthcare expenses, criminal justice expenses and motor vehicle crashes.^{6,7} Policies that reduce alcohol consumption by increasing the cost of alcoholic beverages can save thousands of lives and reduce the economic burden of alcohol-related harms.

KEY TAKEAWAYS

What Are Alcohol Pricing Strategies?

- States can increase alcohol taxes to reduce excessive alcohol consumption and alcohol-related harms.

How do Alcohol Pricing Strategies Improve Health?

- Increasing the price of alcohol leads to decreased alcohol consumption, less binge-drinking, a reduction in alcohol-related vehicle crashes, reduced mortality from liver cirrhosis, and reduced alcohol-related violence.¹

What is the Economic Impact of Alcohol Pricing Strategies?

- Excessive alcohol use costs the U.S. an estimated \$250 billion in medical care, more than 70 percent of costs were related to binge-drinking.
- The effects of alcohol taxes can erode over time if the tax does not keep up with inflation.



What States Can Do

States can increase alcohol taxes to reduce excessive and underage drinking. Alcohol taxes implemented to date have proven effective. As of January 1, 2017, all 50 states and the District of Columbia have some type of tax on alcohol. There is a high degree of variation in tax amounts and type of alcohol being taxed across states. These taxes have reduced alcohol consumption and generated revenue for the states, however, the benefits of these taxes can be eroded over time if they do not keep up with inflation. States can peg alcohol taxes as a percentage tied to inflation to avoid loss in revenue over time. The additional revenue should be used to fund prevention and treatment programs for excessive alcohol consumption. Public support for alcohol taxes increase significantly when states direct revenue to fund prevention and treatment programs rather than an unrestricted source of general revenue.⁹



State Excise Tax Rates per Gallon of Alcohol Products as of 1/1/18 ^{a10}			
Beer	≤ \$0.15	\$0.16– \$0.75	≥ \$0.76
	17 states	26 states	7 states
Wine	≤ \$0.42	\$0.43– \$0.87	≥ \$0.88
	12 states	13 states	14 states
Spirits	≤ \$2.50	\$2.51– \$5.49	≥ \$5.50
	10 states	15 states	9 states

^a For simplicity, we consider the District of Columbia as a state in this table.

Alcohol Pricing Strategies Improve Health

Approximately one in six American adults binge-drinks four times a month.¹¹ Adults ages 35 and older consume more than half of the total number of binged drinks.¹² However, binge-drinking is most common among young adults ages 18 to 34. Underage drinking is also a significant issue. In 2015, about 7.7 million people ages 12 to 20 reported drinking alcohol in the past month.¹³

Imposing higher alcohol taxes reduces overall alcohol consumption, reduces consumption and binge-drinking among youth, decreases mortality from liver cirrhosis, reduces alcohol-related motor-vehicle crash rates and results in less alcohol-related violence.¹⁴ Higher alcohol prices have been shown to be an effective harm reduction strategy in reducing alcohol consumption by low-income individuals, youth and heavy drinkers.^{15,16}



Alcohol-related Deaths
88,000 people die of alcohol-related causes each year.



Binge Drinking
1 in 6 Americans binge-drink four times a month.



Underage Drinking
In 2015, 7.7 million youths, ages 12-20, reported drinking alcohol in the past month.

Alcohol Pricing Strategies Reduce Healthcare Costs and Raise Revenue

Alcohol over-consumption exerts a heavy economic burden on the nation. For example, in 2010, alcohol related medical care cost the United States approximately \$250 billion.¹⁷ The median cost per state was \$3.5 billion. Binge-drinking was responsible for more than 70 percent of the costs.¹⁸ Alcohol taxes can save states billions of dollars in medical expenses, as well as increase state revenue. However, the effects of alcohol taxes can erode over time, and therefore need to be adjusted to keep up with inflation to preserve their economic benefits. In states where alcohol taxes have not kept up with inflation, the effects of the tax and revenue have declined since the 1950s.¹⁹



COMMUNICATING THE IMPORTANCE AND IMPACT OF ALCOHOL PRICING STRATEGIES

Policymakers

- Alcohol taxes reduce excessive alcohol consumption and can save thousands of lives from alcohol-related deaths.
- Implementing alcohol taxes can save states billions of dollars in healthcare costs and generate revenue that can be used for treatment and prevention programs.
- Implementing alcohol taxes as a percentage tied to inflation will ensure the tax revenue does not decrease over time.

Public Health Professionals

- Increasing the price of alcohol lowers alcohol consumption, reduces alcohol-related vehicle crashes, and reduces alcohol-related violence.

Consumers

- Decreased alcohol consumption reduces drunk-driving and alcohol-related violence, making public spaces safer.
- Revenue from alcohol taxes can be used for prevention and treatment interventions for excessive alcohol use.

Interested in learning more about Alcohol Pricing Strategies and other evidence-based policies? Visit the PHACCS website to read the full report and other policy briefs for our 13 recommended policies.

- 1 Elder RW, Lawrence B, Ferguson A, et al. "The Effectiveness of Tax Policy Interventions for Reducing Excessive Alcohol Consumption and Related Harms." *American Journal of Preventive Medicine*, 38(2), 217–229. <http://doi.org/10.1016/j.amepre.2009.11.005> (accessed December 20, 2018).
- 2 "Alcohol and Public Health: Alcohol-Related Disease Impact (ARDI). Average for United States 2006–2010 Alcohol-Attributable Deaths Due to Excessive Alcohol Use." In: *Centers for Disease Control and Prevention*. https://nccd.cdc.gov/DPH_ARDI/Default/Report.aspx?T=AAM&P=f6d7eda7-036e-4553-9968-9b17ffad620e&R=d7a9b303-48e9-4440-bf47-070a4827e1fd&M=8E1C5233-5640-4EE8-9247-1ECA7DA325B9&F=&D= (accessed December 20, 2018).
- 3 "Alcohol and Public Health: Alcohol-Related Disease Impact (ARDI). Average for United States 2006–2010 Alcohol-Attributable Deaths Due to Excessive Alcohol Use." In: *Centers for Disease Control and Prevention*. https://nccd.cdc.gov/DPH_ARDI/Default/Report.aspx?T=AAM&P=f6d7eda7-036e-4553-9968-9b17ffad620e&R=d7a9b303-48e9-4440-bf47-070a4827e1fd&M=8E1C5233-5640-4EE8-9247-1ECA7DA325B9&F=&D= (accessed December 20, 2018).
- 4 <https://www.cdc.gov/alcohol/fact-sheets/alcohol-use.htm>
- 5 Elder RW, Lawrence B, Ferguson A, et al. "The Effectiveness of Tax Policy Interventions for Reducing Excessive Alcohol Consumption and Related Harms." *American Journal of Preventive Medicine*, 38(2), 217–229. <http://doi.org/10.1016/j.amepre.2009.11.005> (accessed December 20, 2018).
- 6 Sacks JJ, Gonzales KR, Bouchery EE, et al. "2010 National and State Costs of Excessive Alcohol Consumption." *American Journal of Preventive Medicine*, 49(5): e73–e79, 2015.
- 7 "Excessive Drinking is Draining the U.S. Economy." In: Centers for Disease Control and Prevention. <https://www.cdc.gov/features/costsofdrinking/index.html> (accessed June 14, 2019)
- 8 "Alcohol Taxes FAQ." In: *ChangeLab Solutions*. <http://www.changelabsolutions.org/node/5766/product/5721> (accessed December 20, 2018).
- 9 "Alcohol—Excessive Consumption: Increasing Alcohol Taxes." In: *The Community Guide*. <https://www.thecommunityguide.org/findings/alcohol-excessive-consumption-increasing-alcohol-taxes> (accessed December 20, 2018).
- 10 See Alcohol Policy Information System, NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM, <https://alcoholpolicy.niaaa.nih.gov/>.
- 11 Kanny D, Naimi TS, Liu Y, et al. "Annual Total Binge Drinks Consumed by U.S. Adults, 2015." *American Journal of Preventive Medicine*, 54(4): 486–496, 2018. <https://www.ncbi.nlm.nih.gov/pubmed/29555021> (accessed December 20, 2018).
- 12 Kanny D, Naimi TS, Liu Y, et al. "Annual Total Binge Drinks Consumed by U.S. Adults, 2015." *American Journal of Preventive Medicine*, 54(4): 486–496, 2018. <https://www.ncbi.nlm.nih.gov/pubmed/29555021> (accessed December 20, 2018).
- 13 "Table 2.83B—Alcohol Use, Binge Alcohol Use, and Heavy Alcohol Use in Past Month among Persons Aged 12 to 20, by Demographic Characteristics: Percentages, 2014 and 2015." In: *2015 National Survey on Drug Use and Health*. Rockville, MD: Substance Abuse and Mental Health Services Administration. <https://www.samhsa.gov/data/sites/default/files/NSDUH-DetTabs-2015/NSDUH-DetTabs-2015/NSDUH-DetTabs-2015.htm#tab2-83b> (accessed December 20, 2018).
- 14 Elder RW, Lawrence B, Ferguson A, et al. "The Effectiveness of Tax Policy Interventions for Reducing Excessive Alcohol Consumption and Related Harms." *American Journal of Preventive Medicine*, 38(2), 217–229. <http://doi.org/10.1016/j.amepre.2009.11.005> (accessed December 20, 2018).
- 15 Meier PS, Holmes J, Angus C, et al. "Estimated Effects of Different Alcohol Taxation and Price Policies on Health Inequalities: A Mathematical Modelling Study." *PLoS Medicine*, 13(2): 1–27, 2016.
- 16 Giesbrecht N, Wettlaufer A, Cukier S, et al. "Do Alcohol Pricing and Availability Policies Have Differential Effects on Sub-Populations? A Commentary." *International Journal of Alcohol and Drug Research*, 5(3): 89–99, 2016.
- 17 Sacks JJ, Gonzales KR, Bouchery EE, et al. "2010 National and State Costs of Excessive Alcohol Consumption." *American Journal of Preventive Medicine*, 49(5): e73–79, 2015.
- 18 "Alcohol Rates 2000-2010, 2013-2017." In: *Urban-Brookings Tax Policy Center*, 2017. <https://www.taxpolicycenter.org/statistics/alcohol-rates-2000-2010-2013-2017> (accessed December 20, 2018).
- 19 Alcohol Epidemiology Program. *Alcohol Policies in the U.S.: Highlights from the 50 States*. Minneapolis: University of Minnesota, 2000.