NCADD
NATIONAL COUNCIL ON ALCOHOLISM AND DRUG DEPENDENCE, INC.

Alcohol Taxes Can Reduce Young People's Drinking

Raising alcohol excise taxes can help deter young people from drinking, according to a leading expert on preventing drinking in youth.

"These taxes prevent and reduce drinking and death among young people, as well as among heavy drinkers," says David H. Jernigan, PhD, Associate Professor and Director, Center on Alcohol Marketing and Youth (CAMY), Johns Hopkins Bloomberg School of Public Health, who has conducted research on the effect of the taxes.

He notes that Maryland, which increased its sales taxes on liquor in 2011 from 6 percent to 9 percent, is a good example of how community coalitions can work together to translate research into action. The passage of the state alcohol sales tax increase was the first rise in spirits taxes since 1955, and the first increase in the beer and wine tax since 1972.

"When alcohol is cheaper at the corner store than milk, orange juice or sometimes even water, it sends young people the wrong message," Jernigan says. "It makes alcohol look like an ordinary commodity when it is not." He notes that prices on alcohol used to be much higher than those on other beverages. The most important factor in the price drop has been the inability of alcohol taxes to keep up with inflation.

In a report prepared as part of the campaign to advocate for the Maryland excise tax, CAMY estimated that a dime a drink increase in Maryland's alcohol excise taxes would reduce alcohol consumption by 4.8 percent, raise $214.4 million in new revenue for the state and result in a savings of an additional $249 million in costs incurred in the state as a result of alcohol consumption. CAMY said that such an increase would prevent almost 15,000 cases of alcohol dependence annually. "The impact could be even larger among youth, since they are less likely to be addicted to alcohol than older drinkers, and also have less disposable income—both factors that make them more sensitive to increases in the cost of alcohol," the report states.

The Maryland sales tax on alcohol is expected to raise about $75 million this year, about $10 million less than projected when the law was passed. An estimated $14 million collected through

the alcohol tax will be used to expand community-based, long-term care for the elderly and those with disabilities. Most of the money is being directed to health-related programs. In addition to the $14 million to expand services for the elderly and disabled, the funds will be used for programs for people with developmental disabilities, and community health services, including a program that covers outpatient primary care, substance abuse and pharmacy benefits.

The coalition promoting the Maryland excise tax increase led the campaign with the public health case for the tax, Jernigan says, including two CAMY reports summarizing research on alcohol taxes. "Our message was, 'Regardless of what we do with this money, the tax will save lives because that is what these taxes do.'" The coalition immediately got copies of the report out to the media to engage their interest.

In one study cited, which was published in the American Journal of Preventive Medicine in 2010, researchers reviewed 72 papers and reports, nearly all of which found an inverse relationship between the tax or price of alcohol and measures of excessive drinking or alcohol-related health outcomes. The results "constitute strong evidence that raising alcohol excise taxes is an effective strategy for reducing excessive alcohol consumption and related harms," the researchers conclude.

The coalition did polling to assess and demonstrate public support for the tax. "More than half the population supports alcohol excise taxes consistently, and if you earmark the revenue for specific things, that percentage rises to the mid-60s to low 70s," Jernigan says.

The next step was to write a resolution to support the idea of increasing Maryland's alcohol tax, and find organizations to sign it. The coalition then made it an election-year issue by asking candidates running for statewide office in 2010 to support the resolution, and was able to obtain backing from one-third of the candidates.

Finally, the coalition began educating policymakers about why alcohol taxes are good for public health. Jernigan cautioned that anyone who receives public funding, whether local, state or federal, cannot use those funds to be involved in direct lobbying, even about public health issues.

Once an alcohol excise tax has been passed, supporters must continue to inform the public about the effect of the tax, according to Jernigan. "The public needs to know how much has been raised,

where the money is going and what impact it has. It usually takes three to four years to measure that."

Jernigan is working with the Centers for Disease Control and Prevention (CDC) on technical tools that are designed to assist states and communities in implementing recommendations of the Task Force on Community Preventive Services, a nongovernmental group appointed by the CDC director. One of the recommendations is to raise alcohol excise taxes.