



MODERNIZING ALCOHOL TAXES

INTRO

Alcohol is no ordinary commodity.¹ It is a toxic substance that is in demand globally bringing substantial revenue to private companies. However, alcohol taxation has yet to keep up with inflation or the harm alcohol has caused society. Modernizing taxes on alcohol would save thousands of lives each year by driving down consumption and creating a mechanism to reimburse those who work to prevent and treat excessive drinking and enforce alcohol law.



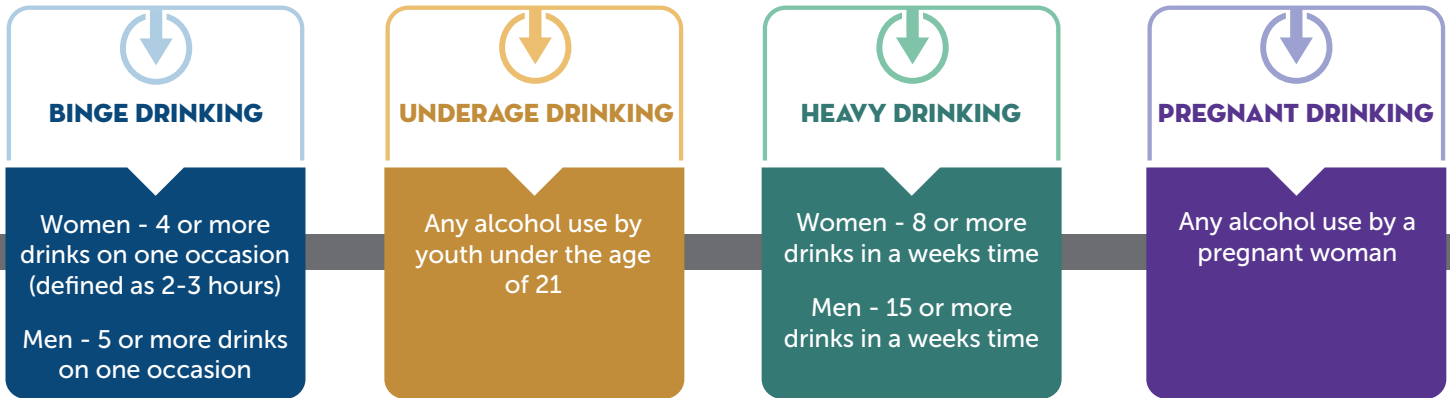
The [2024 Report to Congress on the Prevention and Reduction of Underage Drinking](#)² outlines that “the economic burden was estimated at \$249 billion in 2010, when it was most recently assessed (Sacks et al., 2015). Adjusting for inflation, the estimated economic burden would be \$353 billion in 2023 (CPI Inflation Calculator, n.d.).” The economic burden on society includes hospital stays, first responder costs, fines and fees associated with impaired driving, loss of life, substance use treatment, and loss of productivity. Updating taxes to match the economic burden would relieve strained municipalities and prevention agencies and save countless lives.

EXCESSIVE DRINKING/HEALTH

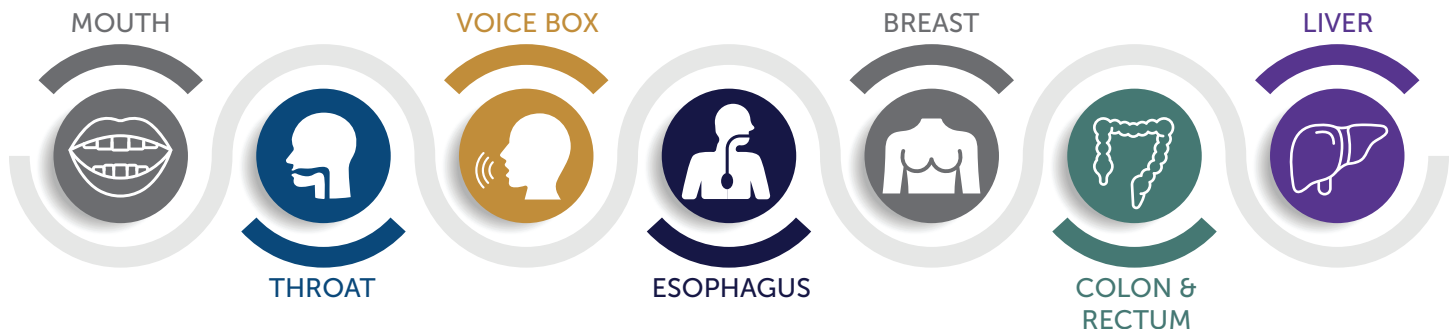
More than 178,000 people die each year from excessive drinking, which is approximately 488 people each day or about twenty people an hour. Four thousand youth die each year from excessive alcohol use.³ Alcohol was the most prevalent substance reported in drug-related ED visits (41.0 percent), followed by cannabis (11.8 percent) and opioids (11.6 percent)⁴. Alcohol is a known carcinogen that causes seven different types of cancer, including breast cancer in women. According to the Center for Disease Control and Prevention’s [Alcohol-Related Disease Impact \(ARDI\)](#) Application, an average of 5,900 Illinoisians die each year from excessive drinking. Alcohol is the most used substance by youth in Illinois.⁵

What is Excessive Drinking?

According to the Center for Disease Control & Prevention's Alcohol Program, Excessive Drinking encompasses all four categories below.



Consuming alcohol increases the risk of developing at least
SEVEN TYPES OF CANCER



DEFINITIONS

Alcohol taxes can be divided into three categories: excise, sales, and ad valorem.

EXCISE TAXES: A Federal or state tax imposed on the manufacture and distribution of certain non-essential consumer goods, also known as "specific" or "per-unit" tax.

SALES TAXES: A tax levied by a state or city on the retail price of an item the retailer collects.

AD VALOREM TAXES: A tax, duty, or fee that varies based on the value of the products, services, or property on which it is levied (a sales tax based on the value of the product is an example of this).

STANDARD DRINK SIZE MATTERS

A standard drink is 12 oz. of beer (5%),
5 oz. of wine (12%), or 1.5 oz.
of distilled spirits (40%).

Binge drinking is defined as
consuming five or more standard
drinks per occasion for males and
four or more drinks for females.



HEALTH COSTS/HISTORY OF TAX/INFLATION

The cost of excessive alcohol use to society is measured as an “external cost” or “negative spillover.” Externalities include accidents, domestic violence, health effects, and car crashes. According to a [Congressional Research Service report on Alcohol Excise Taxes](#), external costs of alcohol consumption significantly exceed average current taxes (federal, state, and local), which are estimated at around \$0.25 an ounce. The report estimates the external costs adjusted for inflation at \$1.34 per ounce. “Most of the \$1.34 cost is due to violence (46%) and drunk driving (43%). The relatively small share attributable to third-party medical costs due to alcohol consumption is because of the partially offsetting effect of earlier death, which reduces medical costs in the future.”⁶

Federal Statutory Increases to Excise Tax Rates on Alcohol
and Value If Increased to Reflect Inflation

Type of Alcohol	YEAR ADJUSTED		
	1951	1985	1991 (Current Rates)
Distilled Spirits	\$10.50	\$12.50	\$13.50
	\$101.33 in 2024 dollars	\$30.82 in 2024 dollars	\$27.61 in 2024 dollars
Beer (Regular Rate)	\$9		\$18
	\$86.86 in 2024 dollars	NA	\$36.81 in 2024 dollars
Still Wine (14% ABV or Below)	\$0.17		\$1.07
	\$1.64 in 2014 dollars	NA	\$2.19 in 2024 dollars

Source: CRS calculations based on Table 1.1.4, “Price Indexes for Gross Domestic Product, Line 1, 2nd Quarter, GDP and Personal Income, Bureau of Economic Analysis, “National Income and Product Accounts. <https://apps.bea.gov/iTable/?reqid=19&step=2&isuri=1&categories=survey>

Studies have shown that excessive drinkers would pay for more of the alcohol tax increase than non-excessive drinkers. "Among states, excessive drinkers would pay 4.8 to 6.8 times as much as non-excessive drinkers on a per capita basis and would pay at least 72% of aggregate costs. For non-excessive drinkers, the annual cost from even the largest hypothetical tax increase (\$0.25 per drink) would average less than \$10.00."⁷

FRAMING

Framing an issue is essential for all health communication topics, but it is imperative for alcohol and taxes. For example, alcohol is taxed, not the people who drink. FrameWorks Institute advises "building solutions into every communication, establishing an important foundation for attitudes that favor evidence-based public health measures."

CURRENT ILLINOIS TAX PER STANDARD DRINK



12 oz. Beer = \$.02



5 oz. Wine = \$.05



1.5 oz. of Distilled
Spirits = \$.10

Increasing taxes save lives - just pennies more could reduce cancer rates, impaired driving, domestic violence, and other crimes.

Source: <https://crsreports.congress.gov/product/pdf/R/R48181>

Increasing alcohol taxes will save lives. The United States last adjusted federal taxes on alcohol in 1991. To frame the need for raising taxes, share comparisons between 1991 and today, such as the price of a gallon of milk or a dozen eggs.⁸

INCREASE ALCOHOL TAX, SAVE LIVES



The last time federal taxes for alcohol were updated, Nintendo released its 16-Bit Console, The Super Nintendo.



Source: <https://garrysgrill.com/20-things-we-love-about-1991/>

Use language such as "modernizing," "calibrating," "adjusting," or "updating." Communicate tax rates and increases by price per drink instead of gallon or unit. When making the case, help connect the dots on how taxes improve the community's health and well-being.

NEXT STEPS

- ➡ Use the Center on Alcohol Marketing and Youth at Boston University [Alcohol Tax Tool](#) to create customized alcohol consumer cost and job impact reports by state and tax per drink.
- ➡ Share your data and how you plan to positively affect your community's health by implementing alcohol prevention environmental strategies and policies.
- ➡ Make a resolution to increase your Alcohol Beverage Excise Tax by sharing the benefits of taxation and the harms excessive drinking has caused.
- ➡ Contact the Alcohol Policy Resource Center (APRC) for technical assistance on alcohol policy or environmental strategies.

¹ Thomas F Babor, et al., *Alcohol: No Ordinary Commodity: Research and public policy*, 3rd ed. (Oxford, 2022; online ed., Oxford Academic, January 19, 2023), <https://doi.org/10.1093/oso/9780192844484.001.0001>.

² U.S. Department of Health and Human Services (HHS), Substance Abuse and Mental Health Services Administration (SAMHSA). (2024). Report to Congress on the Prevention and Reduction of Underage Drinking.

³ MB Esser, A Sherk, Y Liu, TS Naimi, "Deaths from Excessive Alcohol Use - United States, 2016-2021," *Morbidity and Mortality Weekly Report* 73, no. 8, February 29, 2024: 154-161.

⁴ Substance Abuse and Mental Health Services Administration. (2024). Drug Abuse Warning Network: National Estimates from Drug-Related Emergency Department Visits, 2023. Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse and Mental Health Services Administration. Retrieved from <https://www.samhsa.gov/data>.

⁵ Center for Prevention Research and Development (2024). Illinois Youth Survey 2024 Frequency Report: State of Illinois. Champaign, IL: CPRD, School of Social Work, University of Illinois.

⁶ R48181, September 12, 2024, Anthony A. Cilluffo, Analyst in Public Finance, Jane G. Gravelle, Senior Specialist in Economic Policy, *Alcohol Excise Taxes: An Overview*, Congressional Research Service

⁷ TS Naimi, II Daley, Z Xuan, JG Blanchette, FJ Chaloupka, DH Jernigan, "Who Would Pay for State Alcohol Tax Increases in the United States?" *Preventing Chronic Disease* 13, no. 150450, 2016. DOI: <http://dx.doi.org/10.5888/pcd13.150450>.

⁸ FrameWorks Institute. (2023). Sweetland, Julie and Clara Blustein Lindholm. *Framing Alcohol Policy Issues Effectively*. Washington, DC: FrameWorks Institute.

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