



Alcohol Tax Study

Effects of increasing the state alcohol tax by \$0.10 per drink

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Today's Agenda

- Why Increase Alcohol Taxes?
 - The science behind the proven public health strategy
- Background on the Hawai'i Alcohol Tax Study
 - Background on 2020 alcohol tax increase legislation and the Hawai'i Alcohol Policy Alliance
- The Maryland Tax Study as a Model for Hawai'i
 - Background on how the Maryland study was used to educate the public and pass an alcohol tax increase law
- The Results of the Hawai'i Tax Study
- Research to Practice
 - Leveraging the study to educate the public
- Next Steps
 - Studying the impact of an alcohol tax increase in Hawai'i
- Q&A

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Why Increase Alcohol Taxes?



A SAFER WORLD FREE FROM ALCOHOL RELATED HARMS

- **S**trengthen restrictions on alcohol availability
- **A**dvance & enforce drink driving counter measures
- **F**acilitate access to screening, brief interventions & treatment
- **E**nforce bans or comprehensive restrictions on alcohol advertising, sponsorship, & promotion
- **R**aise prices on alcohol through excise taxes & pricing policies

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Why taxes?



Theoretical assumption: **Increasing the economic cost of alcohol relative to alternative commodities will reduce demand**

Pricing policies include:

- Increased taxes
- Minimum pricing
- Bans on 'below cost' sales and "happy hour" drink discounts
- Low alcohol tax incentives/special taxes on certain products, e.g., alcopops

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Alcohol Taxes and Public Health

In this respect, alcohol *is* an ordinary commodity:

- ❖ People increase their drinking when prices are lowered, and decrease their consumption when prices rise.
- ❖ Adolescents and problem drinkers are no exception to this rule.
- ❖ Increased alcoholic beverage taxes and prices are related to reductions in alcohol-related problems.
- ❖ Over time, inflation has eroded much of the value of state and federal alcohol taxes.
- ❖ The 2017 cuts in the federal alcohol tax have only made this worse.

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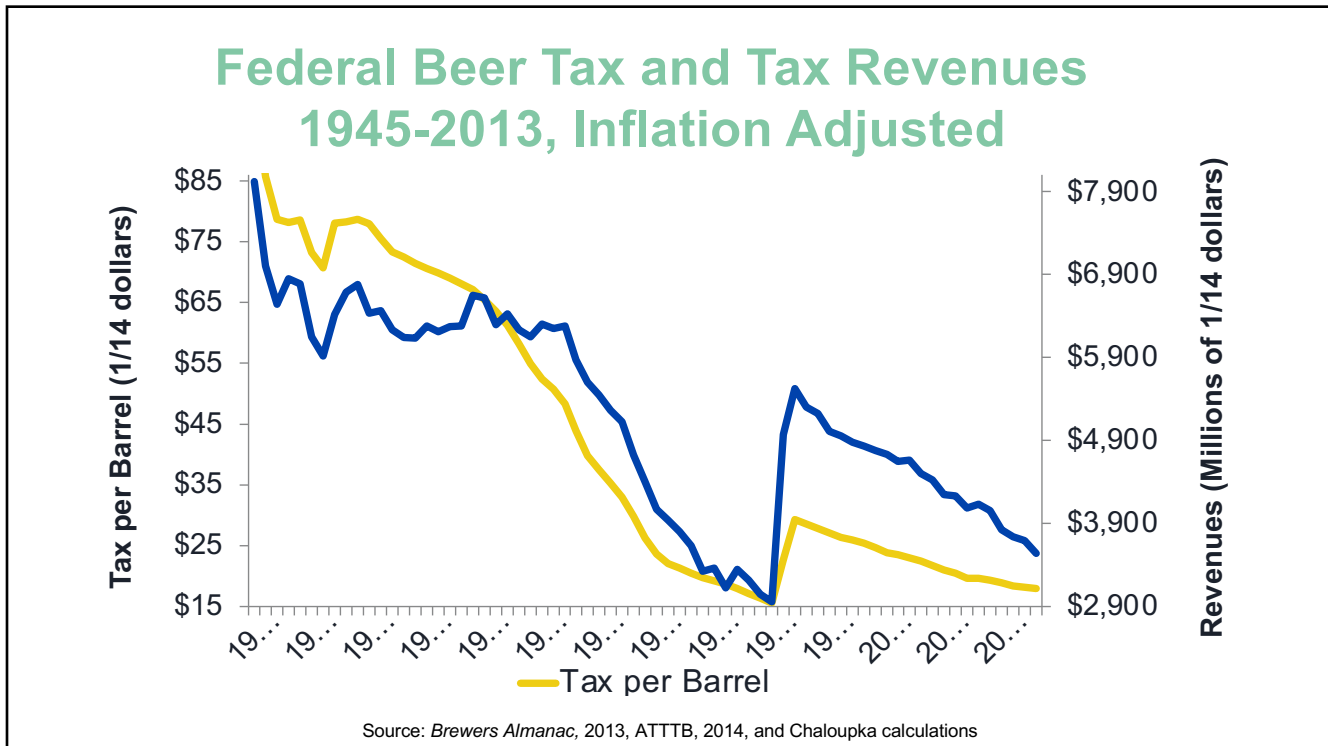


Price and taxation

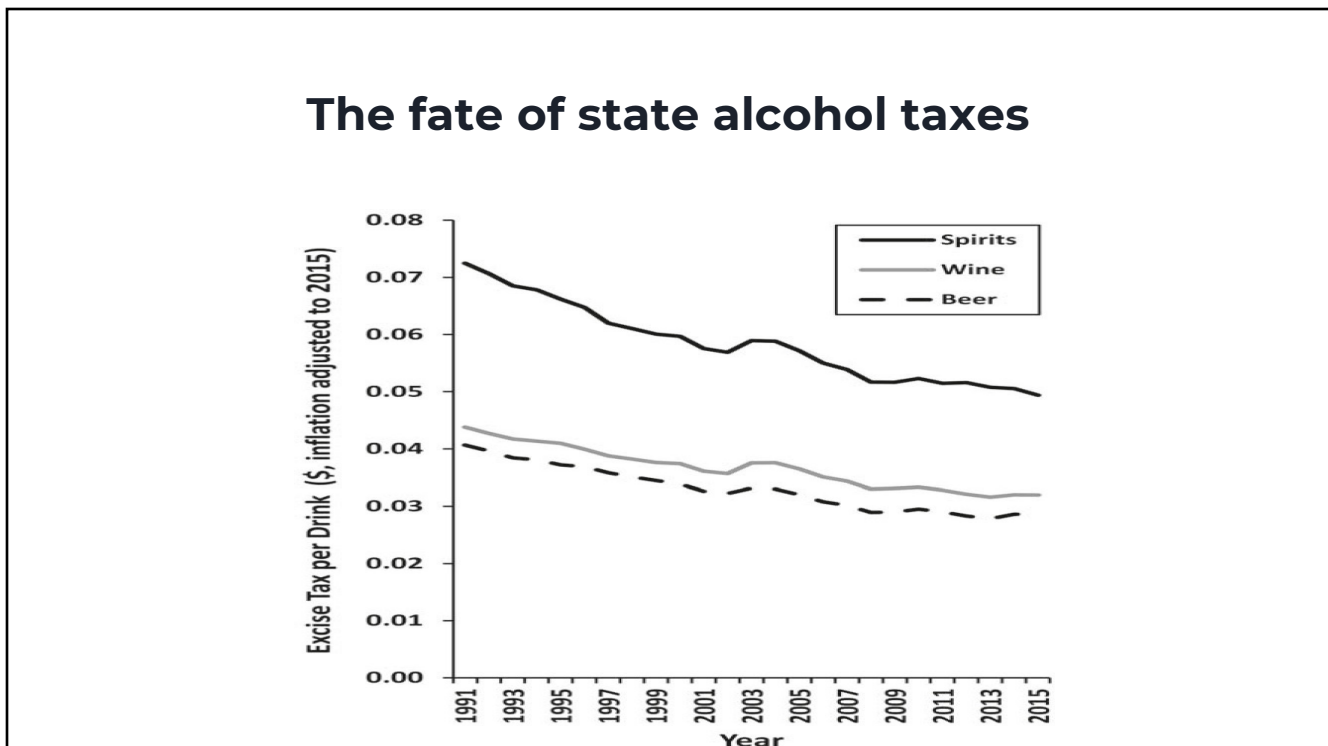
Alcohol taxes reduce alcohol consumption (major reviews published 2009)

- Review of 112 studies containing 1,003 estimates of effects of price on alcohol consumption and problems
- Consumption declines for general population, as well as young people and heavy drinkers (Wagenaar et al. 2009)
- Wagenaar et al. (2010) as well as CDC's Task Force on Community Preventive Services also concluded that increased alcoholic beverage taxes and prices are related to reductions in alcohol-related problems.

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The result:



- Off-premise, beer is often cheaper than water, orange juice, milk and soda
- On-premise, alcohol is widely discounted (drink specials, ladies' nights, etc.)
- Every year alcohol becomes more economically available because taxes don't keep up with inflation
- 2017 tax cut package included 18% federal alcohol tax *cut* worth an estimated \$321 million
- Massachusetts: Alcohol costs the state \$1.93 per drink, \$.77 of that paid directly by governments

THINK.TEACH. DO.
FOR THE HEALTH OF ALL

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Bloomberg Task Force on Fiscal Policy for Health, April 2019

"If all countries increased their excise taxes to raise prices on tobacco, alcohol, and sugary beverages by 50 percent, over 50 million premature deaths could be averted worldwide over the next 50 years while raising over US \$20 trillion of additional revenues in present discounted value. Raising taxes and prices further in future years would save additional lives and raise even more revenues."

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The Bottom Line

- Alcohol taxes are a win-win-win
 - Raise revenues that can be devoted to health care access, prevention, etc.
 - Reduce consumption and problems
 - Popular with the public
- IF, they are raised sufficiently often so that affordability does not increase

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Background of the Hawai'i Alcohol Tax Study

- Creation of the Hawai'i Alcohol Policy Alliance in 2018/19
 - Initial goal: understand the alcohol policy landscape at the state-level
 - Numerous alcohol bills being introduced and passed that erode public health regulations
 - Current goal/mission: introduce legislation and advocate for policies that ensure public health protections that reduce alcohol-related harms
- 2021 introduction of a dime-a-drink alcohol tax increase bill
- Lessons Learned:
 1. Broader community support
 2. Data specific to Hawai'i on the impact of a tax
 3. Key organizations who can influence legislators
 4. More media attention



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Looking to Maryland as a Model


Maryland 2011:

Beer and wine tax had not been increased since 1972, spirits since 1955.
Alcohol was bringing just \$28 million per year to the state treasury.

Key steps to success in passing an alcohol tax in Maryland:

1. Alcohol tax study on the revenue and public health impact of an increase
2. Public polling on the level of support for a tax from the voter base
3. Community mobilization (large statewide coalition) to influence policy makers
4. Media advocacy to shape the framing of the tax increase bill

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Maryland outcomes

- Maryland 2011:
 - Increased the sales tax on alcohol by 3%
 - Currently raises more than \$100 million per year for dedicated causes
 - [Staras et al](#): led to 24% drop in gonorrhea cases, 1600 cases averted
 - Esser et al: 3.8% drop in alcohol sales ([American Journal of Drug And Alcohol Abuse, 2016](#))
 - Lavoie et al: 6% drop in alcohol-positive drivers on Maryland roadways ([American Journal of Preventive Medicine, 2017](#))

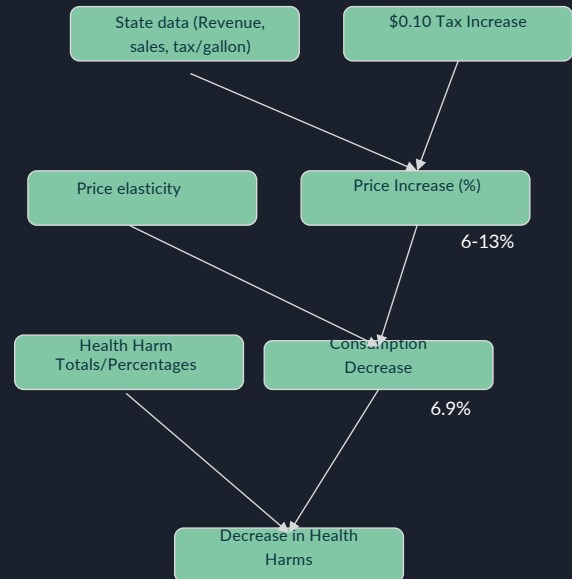
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Methodology

Adapted from Maryland Study

Data Sources:

DOTAX
Hawai'i 2020 Databook
State & National reports
Various studies



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Key Highlights (Annually)

Potential **Economic** Effects per year

- **6.9%** decrease in adult consumption of alcohol
- **\$58** million increase in revenue
- 1,550 new government jobs or 434 health care worker jobs

Potential **Health** Effects per year

- **12,000** fewer adult binge drinking cases
- **4,500** fewer mental health disorder cases
- **1,900** fewer intimate partner violence cases
- **550** fewer sexual assaults and rapes

Government Service Utilization per year

- **500** fewer emergency department visits
- **350** fewer in DUI arrests
- **350** fewer crisis hotline calls
- **100+** fewer law enforcement calls for service

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Who Pays for the Tax?

Figure 5: Cost of Alcohol Tax by Income Level

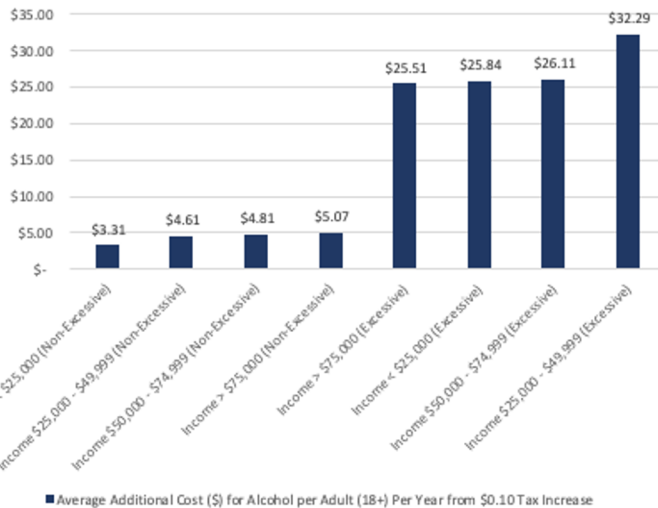


Figure 4: Average Additional Cost for Alcohol per Adult (18+) Per Year from \$0.10 Tax Increase



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Research to Practice (Next Steps)

- Leverage the study to educate the public
- Use as an outreach tool for organizations and individuals
- Show voter support (public polling) & utilize study findings
- Highlight the study in the media
- Post-bill passage: Conduct a study on the impact of the dime-a-drink tax increase



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Q&A

Mahalo!

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