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## **Appeal for The Repeal of Sales Tax Exemption on Alcohol Bought in Stores Revenue to Heal an Economic and Addiction Crisis**

Massachusetts is experiencing a traumatic economic crisis in the midst of an alcohol and other drug epidemic. We have the **2<sup>nd</sup>** highest rate of alcohol consumption among all **50** states. Opiate drug use has doubled in the last **10** years. We are **2<sup>nd</sup>** in adolescent drug use and **5<sup>th</sup>** in illicit drug use for all ages. **34%** of those who need and seek addiction services lack access to appropriate services.

The Massachusetts Strategic Plan for Substance Abuse Services with the support of the state legislature has been incrementally building supportive services after severe cuts in the early 2000's. The services need to be enhanced, not cut, as yet another economic crisis hits.

**Revenues for Prevention, Treatment, and Recovery** appear to be a solution, as in **Repeal** of the current **5% sales tax exemption** on the **retail sale of alcohol beverages** for off premises consumption. Governor Deval Patrick calls for this move in House 1, the Budget Proposal, which begins the Massachusetts Budget Process. It establishes a Wellness Fund dedicated largely to addiction prevention, treatment and recovery support services. Senator Marian Walsh has had the foresight to see the need for removing the sales tax exemption. If adopted in the state budget, the proposal would establish A Substance Abuse Health Protection Fund which would be managed by the MA Department of Public Health and assure services across state agencies covering corrections, children / families, education, prevention and alcohol driver education.

### **The Problem**

While the 5 % state sales tax “might” encourage more store- bought purchases in New Hampshire, *consider this:*

Massachusetts is **1** of only **6** states that does not have a tax on alcohol for off-premise consumption. It is imperative that we take into account the costs to society in terms of personal suffering and financial burdens:

- Massachusetts has one of the highest rates of substance abuse in the nation across all ages, cultural and socioeconomic groups
- We are in the top 20% of all states for underage binge-drinking
- There were over 200 fatalities in 2004 in Massachusetts associated with alcohol
- Underage drinking kills four times as many youths as all illegal drugs combined; and alcohol is a factor in the top four causes of death (72% of all deaths) among 10-24 year olds.
- The Health Risk Behaviors of Massachusetts Youth Report, 2001-2007 found that
  - 73% of all high school students had consumed alcohol
  - 46% were drinking currently
  - 28% binge drank alcohol
  - 20% began drinking before age 13

***Research also shows that drinking alcohol before age 15 is related  
to later alcohol problems (Alcoholism: Clinical and Experimental Research)***

- The Center for Science in the Public Interest summarizes numerous national studies that have found that higher alcohol prices are related to more healthy living practices among young adults and high school seniors in terms of
  - Reduction in alcohol consumption
  - Less incidences of violent acts
  - Higher graduation rates
  - Lower rates of sexually transmitted diseases
  - Being less likely to progress to becoming heavier drinker
- It was estimated that over \$2.6 billion, or 16.8% of the State budget was spent as a direct result of untreated substance addiction in 1998 on the justice system, education, health and child/family assistance services, mental health/developmentally disabled and public safety
- 80 % of the state prison population has a substance abuse disorder as reported in the MA State Substance Abuse Services Strategic Plan
- 80% of individuals with substance abuse problems were using alcohol or other drugs at the time of their offense
- 645 persons died from opiate overdoses in 2007, the highest ever reported from the Massachusetts Department of Public Health

### Looking for Solutions

Alaska was one of the first states that took a proactive stance to deal with its alcohol problem and instituted a significant tax increase. Dr. Alexander C Wagenaar, (the senior author of the study) of the University of Florida College of Medicine analyzed the mortality rates in Alaska following the increases in sales tax in 1983 and in 2002.

#### Compared to all other states and factoring in nationwide trends:

- The 1983 tax increase (about 6 six cents per 12 ounce glass of beer) led to a 29% reduction in mortality associated with alcohol related diseases
- The 2002 increase (about 11.2 cents per 12 ounces of beer) led to another 11% death reduction.

This study, which was funded by the Robert Wood Johnson Foundation, found that the effect of tax or price increases impacted a broad range of drinkers including heavy as well as light drinkers, plus teens and adults.

### Why Should We Support Improved Alcohol Tax Revenues?

The Center for Science in the Public Interest summarized the following national research:

- Alcohol taxes are low and have not kept pace with inflation with very few increases in over a 50 year period
- The economic and social burdens to society associated with drinking far outweigh the alcohol tax revenues collected to ameliorate the problems
- Alcohol taxes will primarily affect the heaviest drinkers, who need the most services while non-drinkers and light drinkers will pay very little in taxes over the course of a year.
- The majority of adults (80%) support increasing alcohol taxes if the revenues collected are used for alcohol treatment and prevention programs
- Research shows that the public is sensitive to price increases of alcohol and subsequently reduce their purchase and consumption of alcoholic beverages resulting in fewer traffic fatalities and lower incidences of some crimes especially among young drivers
- A tax increase would provide the funds to offset the shortfall in reaching budget goals and could provide improved prevention, treatment, and recovery support services

### References

- 1) Senator Marian Walsh's compilation of apropos stats (begins with the S.1144 bill summary)
- 2) Wagenaar, Ph.D et. al, Effects of Alcohol Tax Increases on Alcohol -related Disease Mortality in Alaska: Time-Series Analysis from 1976-2004, American J. of Public Health, Jan. 2009 Vol 99, No.1
- 3)The Case for Alcohol Excise Tax Increases, The Center for Science in the Public Interest, Washington, DC
- 4) Why Raise Alcohol Taxes to Protect Underage Youth, Center for Science in the Public Interest, December 2008
- 5) Factbook on State Beer Taxes, Center for Science in the Public Interest, Alcohol Policies Project, August 24, 2004

