

# PREVENTION WORKS!

**Mission:** To build a safe and healthy Vermont for us all by organizing prevention advocates to work collaboratively on issues of policy, practice and attitude related to substance abuse.

**Vision:** All of Vermont's communities will be safe and healthy.

## A PW! Briefing on beer taxation

# TIME TO CHANGE VERMONT'S BEER TAX

**INCREASE IS PAST DUE:** Vermont's beer excise tax was last raised in 1981. That beer tax stands at 0.265 cents per gallon of beer. This works out to approximately 0.02 cents for each 12-ounce can of beer. The Vermont beer excise tax has lost 58 percent of its value over the past 30 years.

**WHAT THE BEER TAX SHOULD BE:** Vermont's beer tax - based on inflation - should be 0.63 per gallon. This is approximately 0.06 cents per 12-ounce can of beer.

**LOST REVENUE:** If Vermont's beer tax kept up with inflation over the years, Vermont would be receiving an estimated \$86,300,000 in revenue per year.

**RAISE TAXES, REDUCE CONSUMPTION:** Alexander Wagenaar, Ph.D., a researcher at the University of Florida, led a review of 112 published studies. The study concluded that raising alcohol taxes reduces alcohol consumption. Wagenaar's team found the correlation between higher taxes and lowered consumption to be, "statistically overwhelming."<sup>1</sup>

**THE MARYLAND CASE:** Johns Hopkins researchers Jernigan & Waters project that raising Maryland's beer tax by 10 cents/drink would reduce alcohol consumption by 4.8 percent, raise \$214.4 million in new revenue and result in a savings of an additional \$249 million in costs incurred as a result of alcohol consumption.<sup>2</sup> This increase would prevent 14,987 cases of alcohol dependence, 37 deaths, 13 forcible rapes, 316 assaults, 21 robberies, 67 incidents of severe violence against children and 19 cases of fetal alcohol syndrome annually.<sup>3</sup>

## PW! Goals

- Vermont will increase the beer excise tax by 10 cents per gallon. This increase will amount to less than a 1 cent increase per 12-ounce can of beer. The change will also create an excise tax revenue increase of \$1,590,000.



- Fund prevention and treatment programs around the state of Vermont with the revenue generated by an increased beer tax.

| NEW REVENUE FROM INCREASED EXCISE BEER TAXES (STATE ANNUALIZED REVENUE) |                 | LOST REVENUE FROM NO INCREASE IN EXCISE BEER TAXES (STATE ANNUALIZED REVENUE) |                         |               |                         |
|---|-----------------|---|-------------------------|---------------|-------------------------|
| Illinois  | \$105.3 million | Arkansas  | \$30.5 million          | Minnesota     | \$313.3 million         |
| Kentucky  | \$97.3 million  | California  | \$751.2 million         | Montana       | \$6.8 million           |
| Massachusetts   | \$78.3 million  | Connecticut   | \$11.5 million          | Nevada        | \$79.5 million          |
| New Jersey  | \$23.0 million  | Delaware  | \$7.2-\$8.6 million     | New Hampshire | \$4.2 million           |
| New York  | \$16.7 million  | Indiana   | \$107.7-\$120.1 million | New Mexico    | \$112.5-\$138.1 million |
| North Carolina  | \$19.8 million  | Kentucky  | \$10.5 million          | New York      | \$959.8 million         |
| Total   | \$340.4 million | Maryland  | \$48.6-\$86.3 million   | Oregon        | \$127.1-\$218.0 million |
|   |                 |   |                         | Total         | \$2.57-\$2.74 billion   |

<sup>1</sup> Wagenaar, A.C., Salois, M.J., & Komro, K.A. Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies. *Addiction*, 104 (2), 179-190.

<sup>2</sup> Jernigan PhD, David H., and Hugh Waters PhD. The Potential Benefits of Alcohol Excise Tax Increases in Maryland. Rep. 2009. Print.

<sup>3</sup> Ibid.

For more information about the details of this publication, or to learn more about Prevention Works!, please contact Christine Peterson at (802) 479-7378 or teenleadaa@myfairpoint.net, or visit preventionworksvt.org.