



MICAP RECAP

Volume 109, Number 1 - February 2014

A Publication of the Michigan Council on Alcohol Problems
an American Alcohol and Drug Information Foundation Entity

AADIF/MICAP

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Has Your Doctor Asked You About Your Drinking Habits?

The Centers for Disease Control say that most adults in their survey, including pregnant women and binge drinkers from ages 18 – 44, reported that their doctor has never asked them about their drinking. Only about one in six adults of the 166,753 surveyed, in 44 states and the District of Columbia, said that a health professional had ever asked them about their drinking habits. CDC officials say it is time for that to change.

According to USA Today, CDC Director Thomas Frieden said that “drinking alcohol has a lot more risks than many people realize.” He also said that “in the same way we screen patients for high cholesterol and high blood pressure, we should be screening for excess alcohol use and responding effectively.” The study reported that only 17 percent of pregnant women surveyed were asked about drinking, even though most health authorities advise against *any* drinking during pregnancy. Among binge drinkers - those drinking four or more drinks in one sitting – only about one in four were asked about their drinking.

The U.S. Preventive Services Task Force has recommended since 2004 that health professionals ask their patients about their drinking habits, but now, with the Affordable Health Care Act, new insurance policies should cover the cost of alcohol screenings. Besides identifying people with alcoholism, the screens will find people whose drinking is not addictive, however, it can cause or contribute to health and safety problems. For every one person addicted to alcohol, there are at least six people who are problem drinkers. CDC officials report risks such as: breast cancer, sexually transmitted diseases, unintended pregnancy, and fetal alcohol disorders, vehicle crashes, violence and suicide.

Even brief counseling offered to patients who drink too much can reduce their problem drinking. Frieden said that doctors are busy, and many feel they won't have the time to follow up with these patients once they have identified them. However, Frieden recommends that alcohol screening and brief counseling become part of routine health care as the Affordable Care Act phases in. He advises doctors, nurses, social workers and others to work together to accomplish this goal, and stated that some health systems are already doing this.

THE CASE FOR A \$0.05-CENT PER 12 OZ. BOTTLE/ CAN/GLASS BEER TAX HIKE

by Rev. W. J. (Bill) Amundsen, MICAP Board Member and Treasurer

BEGINNINGS

Some time ago one of our Board Members challenged the MICAP Board of Trustees to set a goal of raising the tax on beer in Michigan \$0.05 cents per 12 ounce bottle/can/glass. He did that because scientific studies show that higher prices reduce consumption, especially among abusive and under-aged drinkers. I am sure that our Board of Trustees did not realize all of the ramifications of such a challenge, but they rose to the occasion on that day by accepting the challenge; and we continue to rise to the occasion as we seek to get it implemented.

A \$0.05 CENT HIKE IN THE BEER TAX IS A HUGE STEP

Would you believe, the last time the beer excise tax was raised in Michigan was 1966, 48 years ago? It was set by our Michigan Legislature at 20 cents per gallon¹ which works out to be 1.9 cents per bottle/can/glass. Because of inflation, the current REAL VALUE of that 1.9 cents has eroded by 85% since 1966. It is now worth slightly more than 1/4 of a penny. So it is a huge step to raise a 12 oz. bottle/can/glass by \$0.05 cents.

On the other hand, Alcohol Justice (an alcohol studies institute) of California has lumped Michigan together with eleven other states in an article entitled: The Bottom of the Beer Barrel: 12 States with Worst Beer Tax Rates.² The other states last raised their beer excise tax in the years between 1935 and 1975. They include: Wyoming, Pennsylvania, Kentucky, Idaho, North Dakota, West Virginia, Louisiana, Mississippi, Georgia, Wisconsin, and Missouri. Of these states only Wisconsin borders Michigan through our Upper Peninsula. All other neighboring states/provinces (Illinois, Indiana, Ohio, and Ontario, Canada) have raised their beer excise taxes since Michigan did in 1966.

By not raising our Beer Excise Tax, Alcohol Justice reminds us that our State Legislature is walking away from money on the table. In days of a tight economy, a popular reluctance to pay taxes, and government cost-cutting, do we have the luxury of the Beer Excise Tax as it is? Remedial programs, which would counter-act some of the harm done by beverage alcohol (B/A), have been cut. Because of steep budget constraints, other government programs have been cut as well. Alcohol Justice's "On-Line Computerized Tax Calculator" indicates that a \$0.05 cent tax increase on a 12 oz. bottle/can/glass of beer, using 2012 statistics, would boost Michigan's revenue stream by \$102 Million dollars. This includes \$98.7 Million from the Beer Excise Tax, and \$3-plus Million dollars in added Sales Tax revenue.³

WHY RAISE THE BEER TAX?

You're right! Most people are not looking for higher taxes. I have also stated in previous MICAP-RECAP pages (Dec., 2013) that the only good reasons to raise taxes on beverage alcohol are:

- a) To reduce abusive and under-aged drinking, and
- b) To cover some of the costs from the harm done by abusive and under-aged drinking of B/A.

Under BEGINNINGS (above), I have already mentioned the close correlation between the price of B/A and consumption. In fact, one university studied, statistically, 112 other studies that attributed less drinking of B/A to rise in cost. Their study looked at the reliability of others' claims that higher costs for B/A does in fact reduce consumption. Their findings? The studies were reliably done. Statistical analyses were correct. Their conclusions were trustworthy: Higher costs for B/A does in fact reduce consumption!⁴ There is good reason for raising the Excise Tax on Beer in Michigan.

Another reason to raise the Beer Excise Tax is to recover some of the harm done by drinking. Currently, our eroded taxes cover only a miniscule amount of the cost of harm for the B/A consumed within our state. The Beer Industry as a whole claims to be over-run with taxes. And, indeed, they do pay a lot of taxes. They pay Millions of dollars of taxes. And their profits are in the \$ Billions of dollars. Just because they are making money is no reason to raise their taxes. However, reliable researchers indicate that at present Excise Taxes on a bottle/can/glass of beer, averaged nationally, covers only about 3.7% of the costs which the state (that's us, folks) pays to clean up. Those costs include accidents, illnesses, family abuse, the justice system, violence, job-days lost, unemployment, and more. Compared internationally, and allowing for an "average" state tax (Michigan is slightly below the average), beer taxes are 5% to 7% higher in the United Kingdom and in Sweden.⁵ As said above, recouping the harm done by abusive alcohol consumption in our state would be a good thing.

OPPOSITION TO A BEER-TAX HIKE

MICAP knows that we can expect an initial and emphatic **NO!** from at least several different groups and for a variety of reasons. Those groups may include:

- a) The beverage alcohol industry, including brewers, distributors, bars, stores, etc.

b) The hospitality industry, including hotels/motels and restaurants and convenience stores.

c) Michigan State government, including our State Legislature, the Liquor Control Commission, and, possibly,

d) Some public reaction.

We also anticipate that their opposition to our proposal will include, among others possible, the following reasons which I set forth below with my rationale for going ahead with the proposed Beer Tax Hike:

A. An Excise Tax is sometimes seen as regressive, and therefore, not a good tax.

The evidence, however, indicates that when studies factor in high-risk vs. low-risk drinkers, the major burden would be felt by the high-risk drinkers, those who drink to excess and cause most of the harm. At \$0.05 cents per bottle/can/glass, a drinker who drinks three drinks per week would see about \$7.80 per year increase in his taxes. If the drinker's average consumption was four bottles per day, the added cost would be \$72.80 per year. Also, Alcohol Justice reminds us: "Research shows that people with higher incomes are actually more likely to drink than those with less disposable income." Thus it is not just a tax on those with less disposable income. In addition, a third of the population does not drink at all, while the majority of drinkers consume relatively little.⁶ Clearly the burden of the Beer Tax would be on the high-risk drinkers, those whose drinking causes most of the social harm from B/A.

B. We haven't voted for it in 48 years and we won't vote for it now.

It is true that the Liquor and Hospitality Lobbies have helped to keep the Beer Tax low. But that is possible to change. In fact, all 50 states have had a tax on beer ever since Prohibition ended. I cannot imagine that Big Alcohol or the hotel/motel/convenience store/bar/restaurant lobbies approved of any states' Beer Tax. More recently, however, the following states have **raised** (Yes, **RAISED**) their excise tax on Beer to the following rates per gallon:⁷

- Hawaii, raised in 1998 to \$0.93 cents per gallon
- Arkansas, raised in 2001, to \$0.23 cents per gallon
- Alaska, raised in 2002, to \$1.07 per gallon
- Tennessee, raised in 2002, to \$0.14 cents per gallon
- Nebraska, raised in 2003, to \$0.31 cents per gallon
- Utah, raised in 2003, to \$0.41 cents per gallon
- Nevada, raised in 2003, to \$0.16 cents per gallon
- Illinois, raised in 2009, to \$0.23 cents per gallon
- New York, raised in 2009, to \$0.14 cents per gallon
- North Carolina, raised in 2009, to \$0.62 cents per gallon
- Washington (State), raised in 2010, to \$0.76 cents per gallon
- Connecticut, raised in 2011, to \$0.23 cents per gallon.⁸

Maryland, raised sales tax 50% in 2011 on all alcohol beverages and expects an \$87 M increase in revenue.⁹

While the above-listed states hadn't voted for increased B/A taxes for some time, they found good reason to raise the Beer Excise Tax in the recent years mentioned above.

C. Some of the B/A industry responds that higher taxes will diminish employment within the industry.

Sometimes the industry claims that they will have to lay off workers to cut expenses if a Beer Excise Tax is passed. The government then becomes a convenient scapegoat. But it's not true that big lay-offs occur with the advent of a Beer Excise Tax. Not long ago, the U. S. Bureau of Labor conducted a study which debunks the industry's exaggerated job-loss assertion. Between 1990 and 2000, beer industry wholesale trade employment rose by more than 8000 jobs, including increases between 1990 and 1992 (a year before and after the 1991 federal tax increase). These job additions came during the 1990-1992 recession. There are indications also that some job loss in the beer industry has come at the expense of consolidation of the industry (larger brewers buying up smaller ones). Overall, it is not true to say that higher taxes will cut employment.¹⁰

D. Alcohol is one of the highest-taxed consumer goods.

Our proposal to raise the Beer Excise Tax is not a tax for the sake of paying taxes. Nor is it a tax to put Big Alcohol or the Beer Industry out of business. Rather, it is a proposal with a multi-pronged purpose as stated above: a) To reduce under-aged and abusive-drinking, and, b) to recover some of the cost of the harm done by abusive and under-aged drinking in our state.

Neither have the beer companies lost dollars with previous tax hikes. When other states have hiked their beer taxes, those hikes have given the beer industry an opportunity to tack on a few more cents of profit with the raise in taxes, which they have taken.

Finally, when the Beer Industry computes it's taxes, it adds its business and personal taxes into its complaint about Excise Taxes. But those are taxes which auto dealers, department stores, hardware manufacturers, and other businesses pay. The Beverage Alcohol industry in general, and the Beer industry as a part of that, in particular, is not marketing a product like orange juice and milk. It's product, beer, used wrongly, can and does cause great harm. An Excise Tax on beer places most of the responsibility for recouping loss, not only on the manufacturer, but on those who mis-use the product.



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CONCLUSION

The Center for Addiction and Substance Abuse (CASA) at Columbia University has gotten handles on the costs of the harm in which alcohol mis-use and underaged drinking amounts to in the State of Michigan. In it's 2009 report entitled: Shoveling Up II: The Impact of Substance Abuse on Federal, State and Local Budgets, they have broken out costs for Michigan, as well as other states. Using budget categories from the State of Michigan for 2005, they have documented costs related to substance abuse, the majority of which is alcohol-related. Their cost estimate for Michigan in 2005 was \$5.25 Billion dollars, 18.2% of our State's Budget. When divided between every man, woman, and child in the state that year, each person's share was \$523.10. Because we have lost population during our recent recession, that cost/person is probably higher.

A five-cent hike in the Beer Tax in Michigan will not cover over \$5 Billion dollars. But it will go a long way toward remedial help for those who mis-use alcohol, stretch a state budget which has been heavily strained, as well as make beverage alcohol slightly more expensive. This, in itself, has been proven to be one of the keys which will help reduce the likelihood of abusive drinking.

That the excise tax is a regressive tax is not a good argument against implementing the beer tax. As stated ear-

lier, people with higher incomes are actually **more** likely to drink than those with lesser incomes. Also stated earlier, the major burden of the tax would be felt by high-risk drinkers, those who drink to excess and cause most of the harm. This tax would actually put the burden where it should be placed – the higher income alcohol consumers and the high risk drinkers.

Your support of our goal will be important in the months to come. We will be offering further suggestions on how you can help with this in future MICAP-RECAPs throughout 2014. We hope you'll want to help us with this project.

Footnotes:

1. <http://www.michiganalcoholpolicy.org/6.html> (this will direct you to the Beer Fact Information Sheet)
2. <http://alcoholjustice.org/campaigns/charge-for-harm/450-neglected-and-outdated-state-beer-taxes.html>
3. <http://pubs.niaaa.nih.gov/publications/arh26-1/22-34.htm>
4. <http://onlinelibrary.wiley.com/doi/10.1111/j.1360-0443.2008.02438.x/abstract;jsessionid>
5. http://alcoholjustice.org/images/stories/11MI0701_taxmyth_1.pdf
6. http://alcoholjustice.org/images/stories/11MI0701_taxmyth_1.pdf
7. Ibid. Number 2, above.
8. <http://cga.ct.gov/2011/rpt/2011-R-0252.html>
9. http://taxes.marylandtaxes.com/Resource_Library/Taxpayer
10. http://www.cspinet.org/booze/taxguide/FedBeerTax_M_F.html