

Local View: Nebraska due for alcohol tax hike

Written by
Project Extra Mile Executive Director Chris Wagner

The Lincoln Journal Star published an editorial (“Tax reform mustn’t hit breweries this tough,” Feb. 20) urging lawmakers not to unfairly target alcohol producers to pay for property tax relief.

The editorial offers arguments extolling the economic benefits of Nebraska’s 49 breweries but presents a one-sided argument that ignores the harms that alcohol causes in our state. With more than 20 percent of our population drinking excessively, we need evidence-based policies that only the Legislature can deliver.

Nebraska is the fifth-worst binge and excessive drinking state in the nation, according to America’s Health Rankings in 2018. This led to an estimated 703 alcohol-attributable deaths in 2015 alone, according to the Nebraska Department of Health and Human Services, and 721 alcohol-related traffic fatalities between 2008-2017, according to the Nebraska Department of Transportation.

There are also significant economic costs that outweigh the benefits noted in the editorial – in 2010 alone, Nebraska had \$1.16 billion of costs. Of those costs, research in the Journal of American Preventative Medicine noted 72 percent (\$835 million) were work productivity losses, with 42 percent (\$491 million) paid by government.

In other words, we’re expecting Nebraska businesses and taxpayers to pick up the alcohol industry’s tab.

Broken down by drink, economic costs alone amounted to \$1.61 per drink in our state. By contrast, the bills drafted by Albion Sen. Tom Briese and Henderson Sen. Curt Friesen seek to increase the excise tax paid per drink from 3 to 4 cents to 10 cents. In total, these bills would raise approximately \$90 million or less than 8 percent of our economic costs.

The World Health Organization recommends that policymakers focus on three areas to reduce alcohol-related harms: price, availability and advertising in order to reduce excessive drinking, which affects all Nebraskans -- and not just those engaging in that activity. Dozens of academic studies show that these policy strategies are effective because the industry passes these increases on to their customers.

Yet you won’t hear the alcohol industry citing peer-reviewed studies. Their reaction is the same as every other industry facing increased taxes: doing so will result in jobs cuts and ruin businesses, but that statement couldn’t be further from the truth.

Illinois (excise taxes) and Maryland (sales tax) both increased their alcohol taxes recently, yet the craft brewing industry continued to thrive with expanded sales and new breweries opening. Bureau of Labor Statistics data also demonstrated that following the 1991 federal alcohol tax increase, the alcohol industry actually added jobs, according to the Community Anti-Drug Coalitions of America.

It’s also worth noting that these tax proposals affect the entire industry, and alcohol producers in our state are currently enjoying their lowest tax bill in decades due to the 2017 federal tax cut.

We put our trust in our elected leaders to weigh all the evidence and make decisions that are best for our state, but how can they do that if the alcohol industry’s talking points are amplified by the media without fair coverage of both sides?

Excessive drinking is killing our citizens, contributing to crime, spreading disease and costing us at least \$1 billion each year. Increasing alcohol taxes isn't a silver bullet, but it will go a long way towards addressing these problems.