

Raising alcohol taxes will improve public health, safety

Written by
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On March 1, the Grand Island Independent published an editorial “Raise a toast in support of our craft brewers,” urging support for brewers in order to send a strong message to lawmakers to not unfairly target alcohol producers to pay for property tax relief. Much like the Lincoln Journal Star editorial that preceded it, the Independent’s editorial board presents a one-sided picture of the impact alcohol has on our communities and our state.

The editorial portrays the push for increased alcohol taxes as farmers seeking to ride a wave of alcohol taxes to provide property tax relief and ignores the fact that alcohol causes great harm in our communities. The truth is over 20 percent of our population drinks excessively (CDC, 2017) and causes these problems.

Senators Briese and Friesen are simply asking that the entire alcohol industry — not just the craft brewers — pass on these increases to consumers so that the state can simultaneously prevent excessive drinking and its harms while addressing the property tax dilemma.

Alcohol tax increases have been recommended as a highly effective way to reduce excessive alcohol consumption and related harms by the American Medical Association; American Public Health Association; American Society of Clinical Oncology; Community Preventive Services Task Force; National Academies of Sciences, Engineering, and Medicine; Non-Communicable Diseases Alliance; and the World Health Organization.

Nebraska is the fifth-worst binge and excessive drinking state in the nation (CDC, 2017; America’s Health Rankings, 2018), which led to an estimated 703 alcohol-attributable deaths in 2015 alone, 2,403 hospitalizations in 2014 (NE DHHS, 2017), and 721 alcohol-related traffic fatalities between 2008-2017 (NDOT-HSO, 2018).

There are also significant economic costs that outweigh the benefits noted in the editorial — in 2010 alone, Nebraska had \$1.16 billion of costs. 72 percent of those costs (\$835 million) were work productivity losses and 42 percent (\$491 million) were paid by taxpayers (Sacks et al., 2015).

These costs are much greater than the indicated \$465 million that the Nebraska craft brewery industry generates. The costs break down to \$1.61 per drink in the state, by contrast, the bills mentioned seek to increase the excise tax paid per drink from 3-4 cents to 10 cents. In total, these bills would raise approximately \$90 million, or less than 8 percent of our economic costs.

The editorial and the industry have also ignored the fact that an amendment is being drafted to LB314 to substitute a 3 percent sales tax on alcohol for the proposed excise tax increases. It was intended to be a compromise for craft breweries, but the breweries are uninterested in that good faith effort. Instead, 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 the number of new breweries nearly tripling. Bureau of Labor Statistics data also demonstrated that following the 1991 federal alcohol tax increase, the alcohol industry actually added jobs.

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, and they already receive tax credits for using Nebraska agricultural products in their brews.

The goal of this proposal is not just to provide property tax relief, which is much needed across the state, but also to improve public health and safety. Excessive drinking is killing our citizens, contributing to crime, spreading disease and costing us at least \$1 billion each year. Increasing alcohol taxes will save lives and force excessive drinkers to pay for a majority of the increase.

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