

The “Charge for Harm” Fee *and Alcopop Prices*

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by Bruce Lee Livingston
Executive Director/CEO
Alcohol Justice

alcoholjustice.org

Alcohol Justice

- Formerly known as The Marin Institute (1987)
- Monitor and expose the alcohol industry's harmful **products, practices, and promotion** and **advocate for appropriate tax rates**
- Frame the issues from an evidence-based, **public health** perspective
- **Organize** communities and **coalitions** to reject corporate alcohol harm @ change policy

alcoholjustice.org

Our Current Projects

Charge for Harm --
Raising Taxes and Prices,
Revenue Mitigates Harm

Charge for Harm!
TELL BIG ALCOHOL TO PAY ITS FAIR SHARE

- Stop Alcopops & Other Youth-Oriented Products
Create Alcopop-Free Zones
- Restrict Alcohol Advertising -- Out-of-Home,
New Media, TV, Film -- end self-regulation
- Support State Control and Three Tier System
- BigAlcohol.org Youth Video contest
Free Sports from Alcohol Advertising

Charge for Harm!

TELL BIG ALCOHOL TO PAY ITS FAIR SHARE



I Support AB 1019 – The Alcohol-Related Services Act

It's time for Big Alcohol to pay its fair share of California's annual \$38.4 billion in alcohol-related trauma care, hospitalization, treatment, prevention, and criminal justice costs.

Name _____

Email _____

Address _____

City _____ State _____ Zip _____

Pass AB 1019 – The Alcohol-Related Services Act

- Charge for the costs to government
- Reduce consumption through pricing signals
- Use the funds for prevention and many other harms
- Internalize the externalities
- Don't let corporations waste the public's money

States that Charge for Harm



- 21 of 50 U.S. states including Maryland
- Education, enforcement, treatment, administration and rehabilitation

Annual Catastrophe of Alcohol in California Report

Published/ Released June 2008

Illness



Crime



Injury



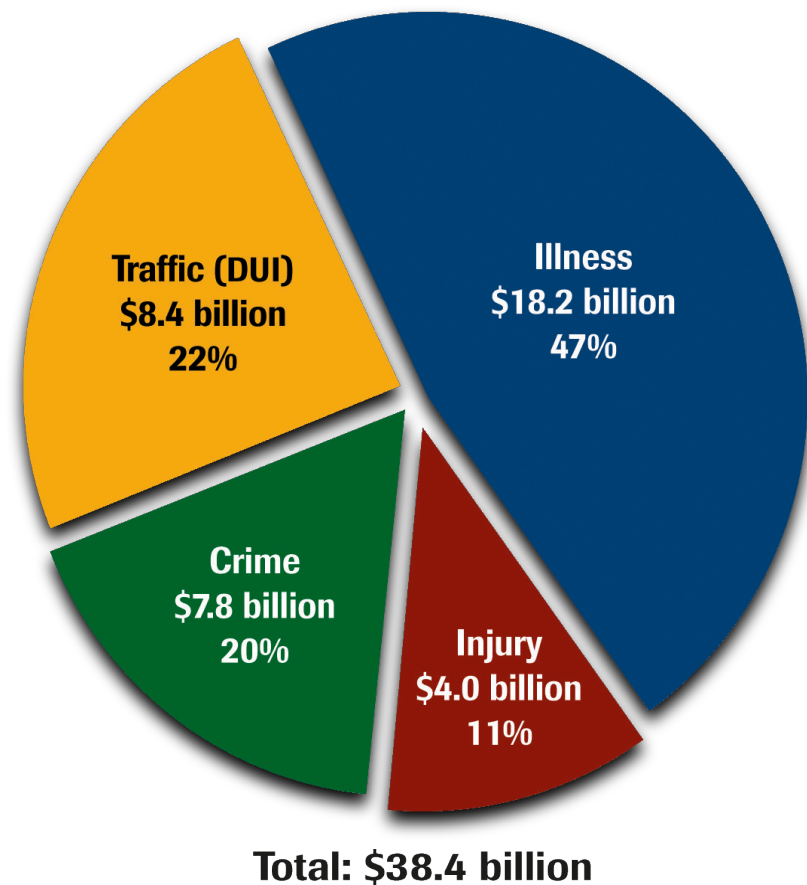
Traffic



The Cost of Alcohol in California: \$38 Billion Annually

- Roughly **\$1,000 per California resident** or \$3,000 per family
- A cost of **\$2.80** per drink consumed
- Current taxes are only **8 cents** per drink

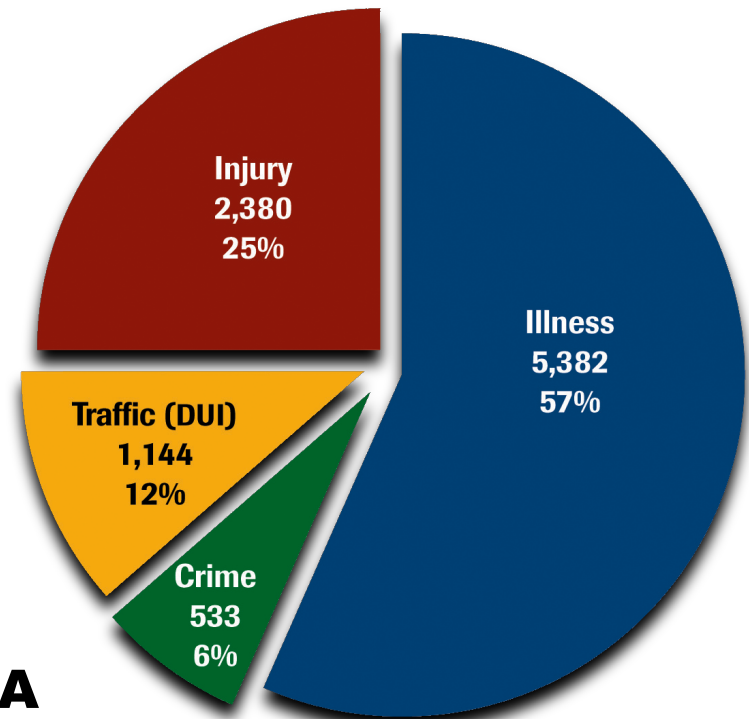
[Additionally, \$48 billion in quality of life costs.]



Alcohol Harm in California

Deaths caused by:

- **Illness: 5,382**
- **Injury: 2,371**
- **Traffic Collision: 1,144**
- **Violent Crime: 533**



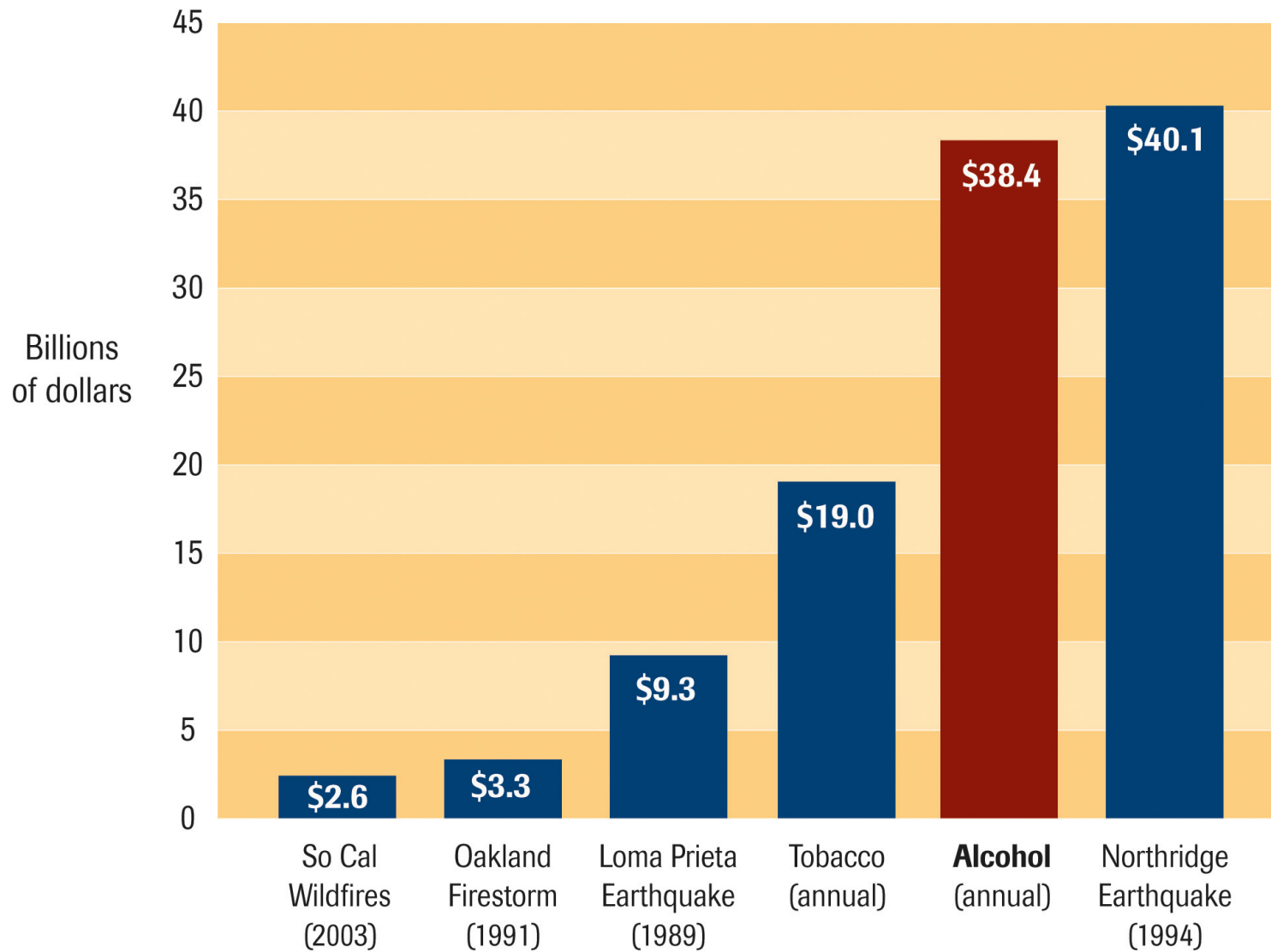
Total: 9,439

One person dies every hour in CA due to alcohol use

(Figures for 2005.)

Alcohol-related Deaths 9,439

Comparing alcohol costs with California natural disasters and tobacco



National Harm

2006 -- Bouchery study

- 79,000 deaths
- \$223.5 B
- Underage drinking \$27.0 B
- \$73.3 B crime
- \$746 per person harm
- \$5.2 B drinking during pregnancy
- \$94.2 B cost to government

Taxes Lag Behind Harm

California Alcohol Excise Taxes Far Behind Tobacco Revenues

Tobacco tax revenue = \$1.09 billion

Tobacco costs = \$19 billion

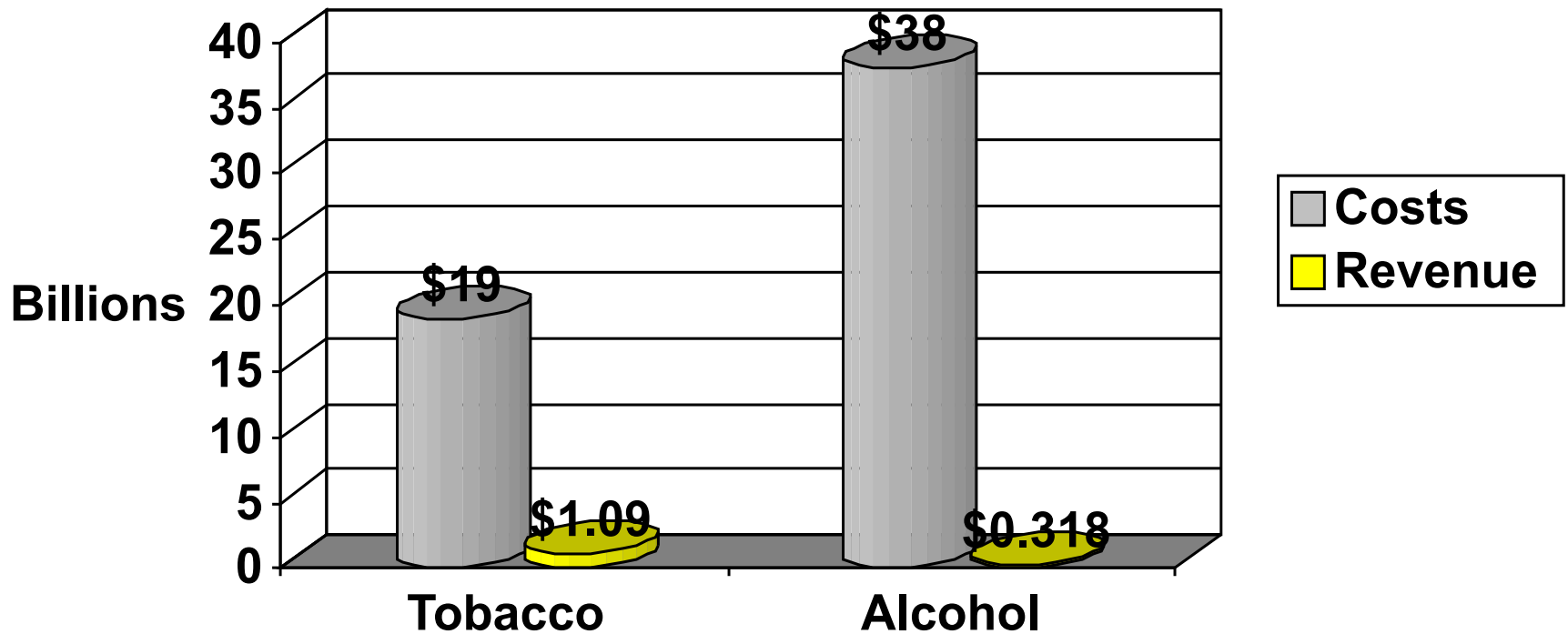
Alcohol tax revenue = \$318 million

Alcohol costs = \$38 billion

**Tobacco taxes are 6.5 times as effective
as alcohol excise taxes in internalizing harm**

(Figures for 2005/06)

Alcohol vs. Tobacco Tax Revenue



(2005-06)

Why Increase Alcohol Taxes?

A 50% increase in price reduces underage drinking by 32.5%, youth traffic fatalities by 15.5%

A 10% increase in price would reduce all traffic crashes by 5 - 10%

25 cent tax would decrease heavy drinking 11.4%



Impact of higher taxes

Doubling federal alcohol tax would reduce:

- Alcohol-related mortality 35%
- Traffic crash deaths 11%
- STDs 6%
- Violence 2%
- Crime 1.4%

Beer tax as percent of price

Country	Beer Tax as % of Price
USA	5%
France	9%
Italy	11%
Mexico	25%
Sweden	26%
Finland	36%
Japan	47%

In the US, state and federal governments get only 5% of the revenue from alcohol sales. The alcohol industry gets the other 95%.

Impact of Taxes on Consumers

About 1/3 of population does NOT drink

For DRINKERS:

Average is 3 drinks per week

50% drink 95% of total volume

10% drink 55% of total volume

Source: Paying the Tab, by Philip Cook

*Impacts of taxes felt hardly at all by most,
while reducing harm from over-consumption.*

Who Will Pay for Higher Taxes?

- State and federal governments get 5% of alcohol sales revenue, industry get's 95%
- Industry passes on more than 100% of every tax increase (from 1.6 to 2.1 times)
- 1/3 of public does not drink
- People with higher incomes more likely to drink
- Youth and heavy drinkers most price sensitive

Joe Six Pack would not be Hurt by a reasonable Beer Tax

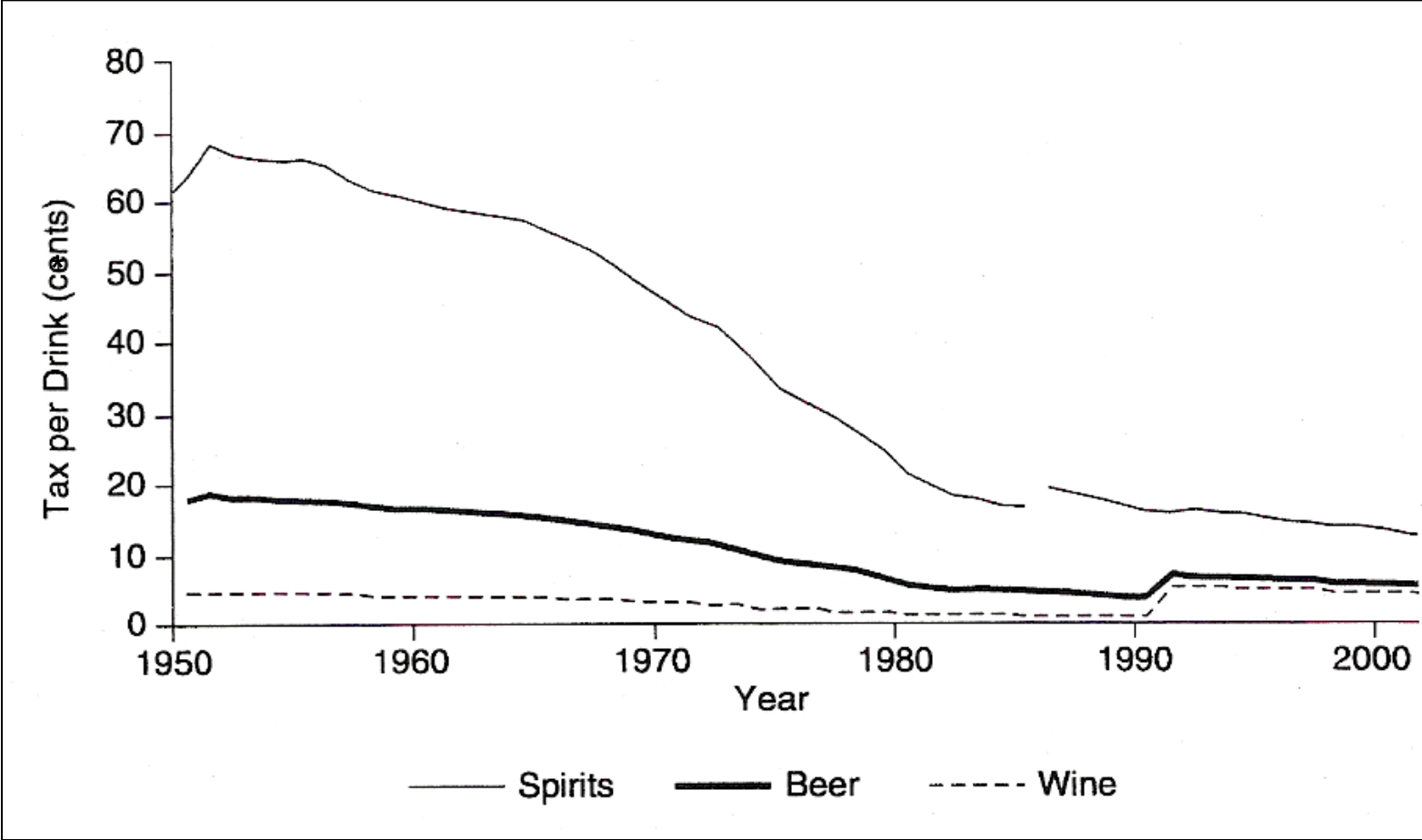


In fact, he might be a little healthier...

Fed Tax Increase Overdue

- One increase in 59 years
- 1991 to balance budget
- 41 percent decline in excise tax value since 1991
- Loss of over 25 billion in revenue for not adjusting for inflation

U.S. Alcohol Taxes, 1950-2002



*In 2002 Dollars

Source: BATF, 2003; BLS, 2003

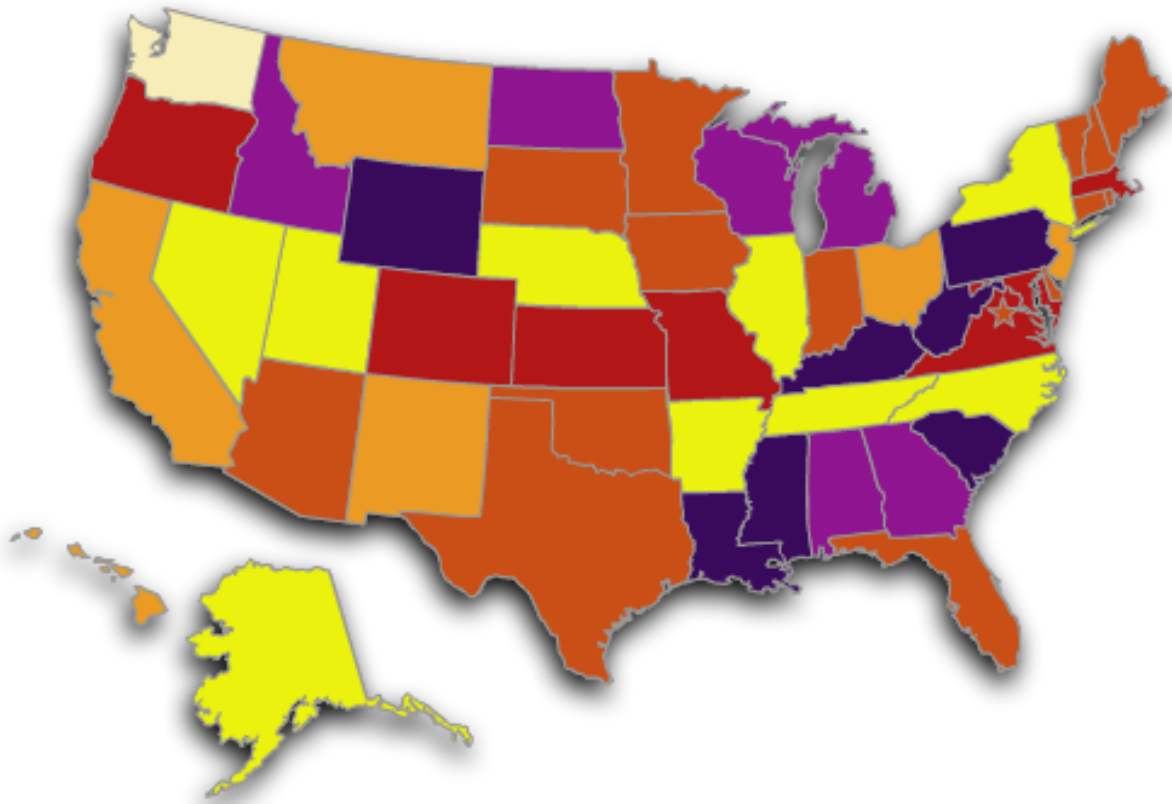
Annual Revenue from Federal Alcohol Tax Increases

- **25 cents per drink: \$27.8 billion**
- **10 cents per drink: \$11.8 billion**
- **5 cents per drink: \$6.0 billion**
- **25 cents per BEER: \$16 billion**

Source:

AlcoholJustice.org alcohol tax calculator

Neglected and Outdated Beer Taxes



Years Since Last Increase

- Last Year (2010)
- 1-10 years ago (2000 - 2009)
- 11-20 years ago (1990 - 1999)
- 21-30 years ago (1980 - 1989)
- 31-40 years ago (1970 - 1979)
- 41-50 years ago (1960 - 1969)
- 50+ years ago (1959 and earlier)

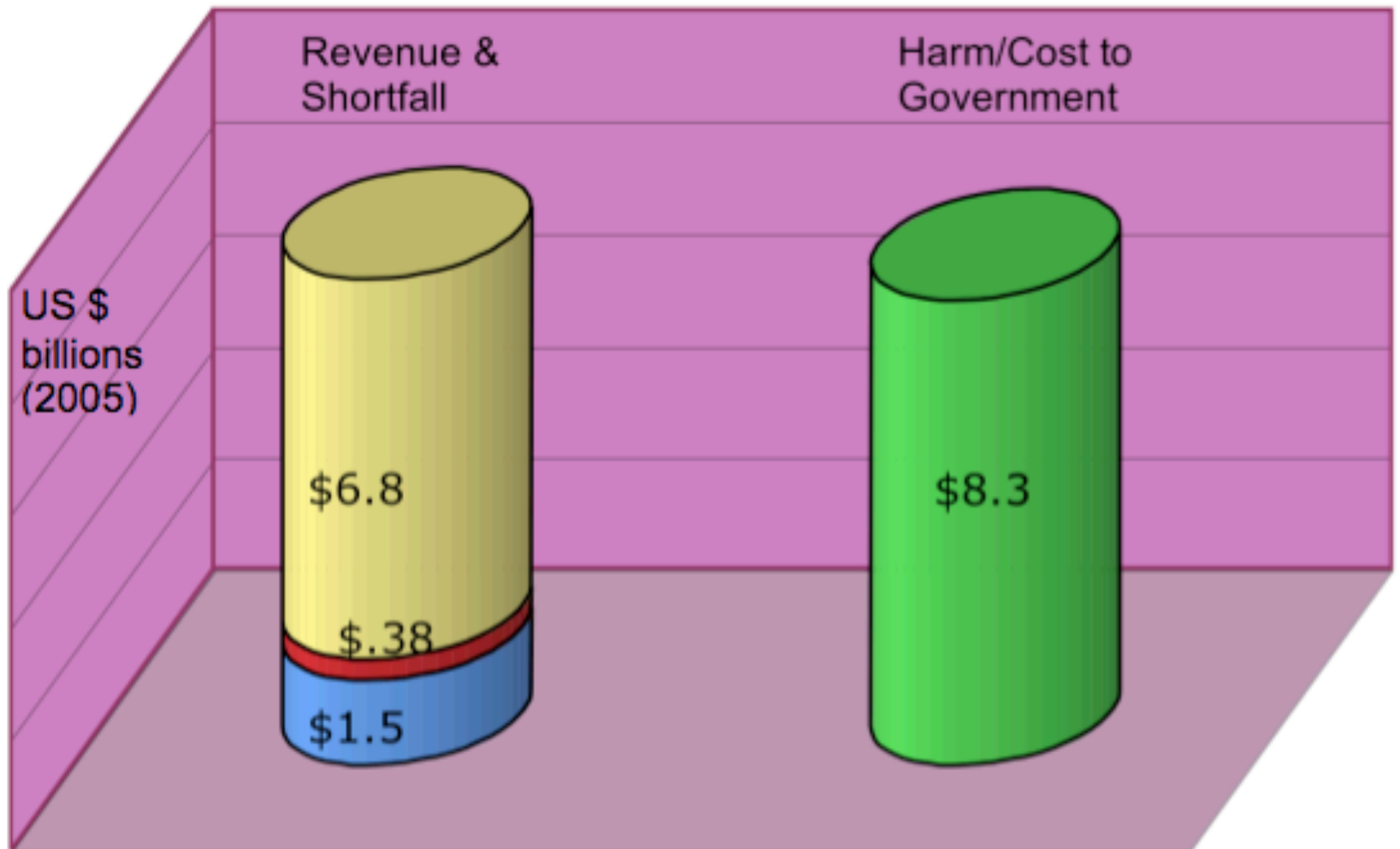
Source:
AlcoholJustice.org beer tax map

Optimal Alcohol Tax Rate?

Two estimates using Charge for Harm method

- **80 cents per drink federal tax increase to recoup \$94.2 B cost to state and local government (Bouchery study)**
- **56 cents per drink for CA cost recovery (Alcohol Justice study)**

Alcohol Revenue & Government Harm/Cost



■ CA Share of Fed. Excise
■ SHORTFALL

■ CA Excise & Licensing
■ Harm/Cost to CA Govt.

Polling -- Charge for Harm California

Strong public support for nickel a drink

Public Policy Institute of California 2008 Poll finds:

- 85% of California residents support a nickel a drink tax
- 80% of Republicans support tax
- People more likely to support increases when they know the money will be directed to alcohol-related programs (1990)



Charge for Harm California Fee Legislation

Assembly Member Jim Beall (D-San Jose) introduced legislation placing a 5-10 cent fee on alcohol at the state level

AB 1019 (2009) and AB 1694 (2010) promised additional revenue for California of \$ \$1.4 billion.

Charge for Harm!

TELL BIG ALCOHOL TO PAY ITS FAIR SHARE

Charge for Harm CA

Legislative Design

- Emergency room and trauma care
- Medi-Cal coverage for illness, injury
- Mental health and alcohol treatment
- Dedicated alcohol prevention programs
- Alcohol ad monitoring and counter-ads
- Policing of liquor stores, crime prevention
- Traffic safety, injury prevention



State Capitol Rally and Press Conference -- 2010

Charge for Harm CA

Prop 26 - Fees become Taxes (2010)

- Sponsored by Wine Institute & Chevron
- Paid for by Alcohol, Tobacco, Polluters
- Requires a 2/3 vote for all fees
- Redefined fees as taxes
- Local alcohol fees or adjustments hard
- Passed with 52% of the vote
- Industry outspent 10-1
- Nothing for advocates left but TAXES

Alcopop-Free Zones



- Youth/communities take action
- Retailers asked to pull alcopops
- Local government can support it by resolution, ordinance, zoning and licensing
- The cheapest alcohol is in alcopops, and the most youth-attractive

Alcopops Cheaper than Energy Drinks: 7-Eleven Gambles with Children's Lives



A Report by Alcohol Justice

Single-serving choices—What's most appealing to youth?

Four Loko
23.5-oz can



12% alcohol

=4.7
standard drinks at
\$.53_{ea}

Mike's Harder
16-oz can



8% alcohol

=2.1
standard drinks at
\$.95_{ea}

Smirnoff Ice
32-oz bottle



5% alcohol

=2.7
standard drinks at
\$1.29_{ea}

Steele Reserve
24-oz can



8.1% alcohol

=3.2
standard drinks at
\$.56_{ea}

MGD
40-oz bottle



5% alcohol

=3.3
standard drinks at
\$.75_{ea}

Supersized, Single-Serving Alcopops and Energy Drinks	Size	Price / fl. oz
Mike's Harder	16-oz	\$0.14
Mike's Harder (promotional price)		\$0.13
Four Loco (Poko Loko)		\$0.15
Four Loco (Poko Loko, promotional price)		\$0.09
Average 16-ounce Alcopops		\$0.13
Rock Star	16-oz	\$0.13
Monster		\$0.15
Red Bull		\$0.25
Average 16-ounce Energy Drinks		\$0.18
Mike's Harder	23.5-oz	\$0.14
Four Loco		\$0.12
Four Loco (promotional price)		\$0.10
Blast		\$0.12
Joose		\$0.11
Jeremiah Weed		\$0.12
Average 23.5-ounce Alcopops		\$0.12
Rock Star	24-oz	\$0.14
Monster		\$0.14
Red Bull	20-oz	\$0.22
Average 20+-ounce Energy Drinks		\$0.17

Average Price per Standard Drink

Average (all sizes and quantities)



\$1.03

\$1.03

Alcopops
Beer

16-oz servings



\$1.05

\$1.16

24-oz or larger



\$0.85

\$1.03





The “Charge for Harm” Fee *and Alcopop Prices*

Contact info:

Bruce Lee Livingston

Executive Director/CEO

415-257-2480

brucel@alcoholjustice.org

alcoholjustice.org

Appendix

San Francisco Alcohol Mitigation Fee

The ordinance:

- **Designed to reimburse the City for alcohol harm costs**
- **Imposes a fee of \$.076/oz of ethanol (roughly 5 cents per drink) on alcohol wholesalers**
- **Fee only used for unreimbursed alcohol-related costs to City and program administrative costs**
- **Nexus study shows \$17.7 million in unreimbursed alcohol-related costs (conservative estimate) to SF**

San Francisco Alcohol Mitigation Fee

AKA “Alcohol Cost Recovery Fee” or SF Charge for Harm Fee

- ❑ A model city/county alcohol cost recovery fee program
- ❑ Imposes 3-5 cents a drink on alcohol wholesalers and a few others selling directly to consumers
- ❑ Fee may only be used for city-funded alcohol-related expenses
- ❑ First-of-its-kind **county nexus study** finds \$17.7 million un-reimbursed alcohol-related costs (conservative estimate of quantifiable health care costs)
- ❑ 40 organizations create a coalition of support: labor, faith, treatment, prevention, public health, enforcement, fire, Native American, LGBT, HIV/AIDS agencies
- ❑ Supervisors pass 7-3, Mayor Gavin Newsom vetoes it -- Now would take a 2/3 popular vote.