



## Small Change, Big Difference

### How Increasing Taxes on Alcohol Can Reduce the Costs Related to Alcohol

#### THE FACTS: Underage drinking is a huge drain on the state.

*Kansas spends only 0.27% of its budget on substance abuse and addiction prevention, treatment and research<sup>1</sup> but spends 17.4% of its total state budget on the burdens of substance abuse and addiction.<sup>2</sup>*

- Underage drinking cost the citizens of Kansas \$727 million in 2007.<sup>3</sup>
- For every \$100 Kansas spends on substance abuse treatment and addiction:
  - \$98.13 is spent on the burden of underage drinking to public programs;
  - \$ 1.55 is spent on prevention, treatment and research;
  - \$ 0.32 is spent on regulation and compliance.
- Expenditures for treatment for those under the age of 21 totaled \$1,481,485 in 2008.<sup>5</sup>

#### THE FACTS: Alcohol excise taxes have not gone up in over 30 years.

- Kansas has not raised the beer excise tax since 1977 and has lost 72% of its value since that time.
- If the beer taxes had kept up with inflation, the excise tax would be \$0.64 instead of \$0.18 per gallon.<sup>6</sup>
- The national average excise tax for wine is \$.80. Current Kansas tax is \$0.30 per gallon.
- **Thirty-six states** have excise taxes for table wine **higher than Kansas.**<sup>7</sup>
- The national average excise tax for spirits is \$6.72. Current Kansas tax is \$2.50 per gallon.
- **Forty states** have excise taxes for spirits **higher than Kansas.**<sup>7</sup>

#### “Can you spare a dime?”

By increasing the per drinking excise tax just \$0.10, an estimated revenue of \$97,381,400 could be generated.<sup>6</sup>

#### THE FACTS: Raising excise taxes results in many benefits including:

- Reduction of youth alcohol consumption.<sup>8</sup>
- Improved academic performance among college students.<sup>9</sup>
- Reduction in crime.<sup>10</sup>

#### Recommended Actions:

- **Dedicated funding for prevention.** Every dollar spent on substance abuse prevention saves from \$2.00 - \$20.00.<sup>11, 12, 13</sup>
- **Raise excise tax rates for all alcoholic beverages.** Increasing the costs of alcohol reduces underage use and reduces other alcohol-related harms.<sup>14</sup>
- **Tax alcopops as spirits** – These “flavored beers” should be classified as distilled spirits and taxed as such.<sup>15</sup>

#### Raising alcohol excise taxes is an option that is well-justified and good for public health.

The Kansas Leadership to Keep Children Alcohol Free Committee, a statewide committee dedicated to reducing underage drinking in Kansas has developed a White Paper entitled “The State of the State on Underage Drinking”. To learn more about the impact of underage drinking in Kansas, what has been done to reduce it and what more can be done, see our Web site at: <http://www.kansasfamily.com/getinvolved-ksleadership.cfm>.

For more information contact Kansas Family Partnership at 1-800-206-7231.

## REFERENCES

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