

Will higher taxes on alcohol really reduce alcohol abuse?

Yes. According to the World Health Organization, alcohol taxes are the most effective and cost-effective measures for limiting alcohol consumption and related harms.¹ Multiple studies have found higher alcohol taxes are associated with lower alcohol consumption and related harm,² especially among adolescents who have less money to spend.³

Who will be most affected by an alcohol tax increase?

An estimated 73.4% of the tax burden would fall on binge and heavy drinkers, including underage, binge, and pregnant consumers.⁴ Meanwhile, about one-third of residents aged 18 and older would pay no additional tax, as they didn't drink in the past year.⁴

What will the new tax revenue be used for?

A dime-a-drink increase would raise close to \$300 million. The revenue will be used to help fund alcohol and other drug prevention and treatment, mental health services, domestic violence prevention, and comprehensive services for K-12 students and their families.

Why should responsible drinkers pay more because of the actions of a few?

Alcohol consumption affects everyone. In Massachusetts, the cost of excessive alcohol use was \$5.6 billion in 2010 (the last year for which an estimate is available), equating to \$861 per person.⁵ Excessive drinking drives up healthcare costs, strains law enforcement resources, and reduces productivity—burdens shared by society.⁶

Will this tax have a regressive impact on lower-income residents?

Research indicates that increases in alcohol taxes will primarily affect upper-income individuals and non-Hispanic whites, who drink more than other groups.⁴ The benefits of the tax are clearly progressive, funding services and programs more likely to be used by lower-income people.

Could this increase lead to negative economic impacts, such as job loss or financial strain on families?

Research also tells us that raising alcohol taxes has a positive effect on overall employment by funding job-supporting sectors like government services and healthcare.⁷ In fact, economic modeling has found that adjusting the tax by just a dime per drink could create as many as 1,890 new jobs in Massachusetts.⁸

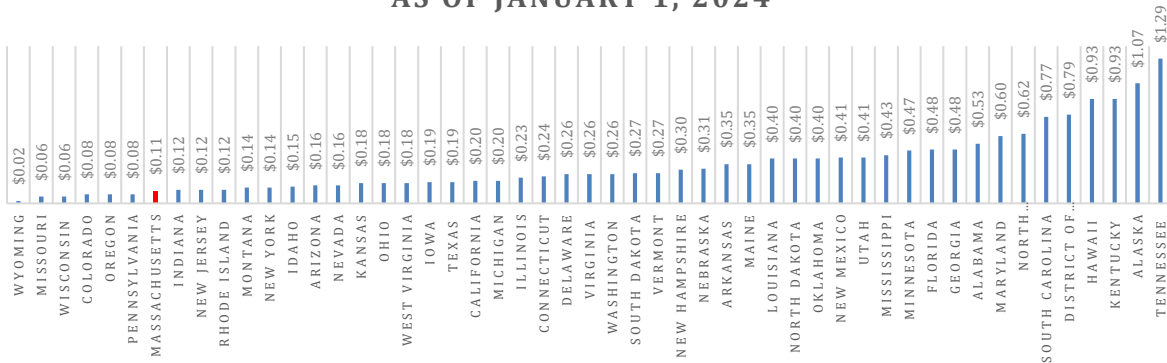
How do Massachusetts alcohol taxes compare to those of other states?

Massachusetts' beer and wine taxes are the lowest of all the New England states. Nationally, Massachusetts has the 7th lowest beer tax,⁹ 13th lowest distilled spirits tax,¹⁰ and 12th lowest wine tax.¹¹

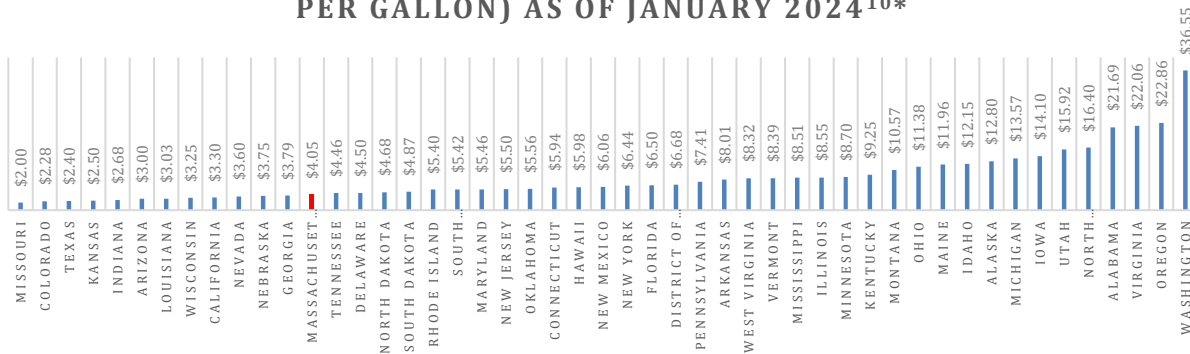
What makes an alcohol tax increase the best approach over other policy options?

Alcohol taxes are the most effective and cost-effective measures for limiting consumption and thereby alcohol related harms.¹ Massachusetts has not increased its alcohol tax since 1980;¹² these taxes have not kept pace with inflation and have lost 75% of their value since then.¹³ Furthermore, increasing the tax and devoting the revenues to good causes is popular among Massachusetts voters: an August 2024 statewide poll found 67% of likely voters in support of a dime-a-drink increase.¹⁴

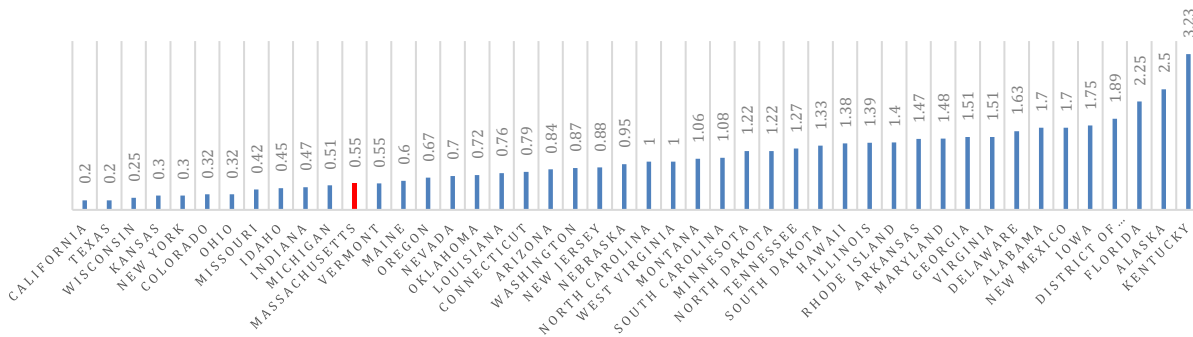
STATE BEER EXCISE TAX RATES (DOLLARS PER GALLON) AS OF JANUARY 1, 2024⁹



STATE DISTILLED SPIRITS EXCISE TAX RATES (DOLLARS PER GALLON) AS OF JANUARY 2024^{10*}



STATE WINE EXCISE TAXES (DOLLARS PER GALLON) AS OF JANUARY 2021^{11*}



*Tax Foundation does not provide distilled spirits tax estimates for New Hampshire or Wyoming, or wine tax estimates for Mississippi, New Hampshire, Pennsylvania, Utah or Wyoming because these are control states, where the government controls all sales, and products can be subject to ad valorem mark-up as well as excise taxes.

References

1. World Health Organization. Technical Annex (version dated 26 December 2022) Updated Appendix 3 of the Global NCD Action Plan 2013-2030. *World Health Organization*. Available at: https://cdn.who.int/media/docs/default-source/ncds/mnd/2022-app3-technical-annex-v26jan2023.pdf?sfvrsn=62581aa3_5.
2. Elder RW, Lawrence B, Ferguson A, *et al.* The effectiveness of tax policy interventions for reducing excessive alcohol consumption and related harms. *American Journal of Preventive Medicine*. 2010;38(2):217-229.
3. Fairman BJ, Simons-Morton BG, Haynie DL, *et al.* State alcohol policies, taxes, and availability as predictors of adolescent binge drinking trajectories into early adulthood. *Addiction*. Jul 2019;114(7):1173-1182.
4. Naimi TS, Daley JI, Xuan Z, Blanchette JG, Chaloupka FJ, Jernigan DH. Who Would Pay for State Alcohol Tax Increases in the United States? *Preventing Chronic Disease*. 05/19 2016;13:E67.
5. Sacks JJ, Gonzales KR, Bouchery EE, Tomedi LE, Brewer RD. 2010 National and State Costs of Excessive Alcohol Consumption. *Am J Prev Med*. Nov 2015;49(5):e73-e79.
6. Centers for Disease Control and Prevention. Alcohol Use and Your Health. *Centers for Disease Control and Prevention*. Available at: https://www.cdc.gov/alcohol/about-alcohol-use/index.html#cdc_behavioral_basics_ty%20pes-effects-of-short-term-alcohol-use. Accessed December 18, 2024.
7. Wada R, Chaloupka FJ, Powell LM, Jernigan DH. Employment impacts of alcohol taxes. *Prev Med*. Dec 2017;105s:S50-s55.
8. Center on Alcohol Marketing and Youth. Consumer Costs and Job Impacts from State Alcohol Tax Increase of \$0.10 per Drink in Massachusetts. *Center on Alcohol Marketing and Youth, Boston University*. Available at: [https://wwwapp.bumc.bu.edu/BEDAC_Camy/ResearchToPractice/Price/AlcoholTaxToolOutput?stateld=21&taxStr=\\$0.10](https://wwwapp.bumc.bu.edu/BEDAC_Camy/ResearchToPractice/Price/AlcoholTaxToolOutput?stateld=21&taxStr=$0.10). Accessed December 18, 2024.
9. Hoffer A. Beer Taxes by State, 2024. *Tax Foundation*. Available at: <https://taxfoundation.org/data/all/state/state-beer-taxes-2024/>. Accessed December 18, 2024.
10. Hoffer A. Distilled Spirits Taxes by State, 2024. *Tax Foundation*. Available at: <https://taxfoundation.org/data/all/state/state-distilled-spirits-taxes-2024/>. Accessed December 18, 2024.
11. Nguyen J, Fritts J. How High Are Wine Taxes in Your State? *Tax Foundation*. Available at: <https://taxfoundation.org/state-wine-taxes-2021/>. Accessed December 18, 2024.
12. General Court of Massachusetts. An Act To Provide Funds For Transportation Development And Improvement Program. Chap. 0481, §§ 10, 13. *State Library of Massachusetts Digital Collections*. Available at: <https://archives.lib.state.ma.us/items/4580a6a5-dd0b-4091-af24-3b7ac9f1b0f7>. Accessed December 18, 2024.
13. U.S. Bureau of Labor Statistics. CPI Inflation Calculator. *U.S. Bureau of Labor Statistics*,. Available at: <https://data.bls.gov/cgi-bin/cpicalc.pl>. Accessed December 16, 2024, 2024.
14. Suffolk University Political Research Center. July 19, 2024: Massachusetts Likely Voters with The Boston Globe. *Suffolk University*. Available at: https://www.suffolk.edu/-/media/suffolk/documents/academics/research-at-suffolk/suprc/polls/massachusetts2/2024/8_1_2024_ma_complete_tables.pdf?la=en&hash=E53DB4FED85EB4778E91988E222957500F19FEF5. Accessed December 18, 2024.