

Alcohol, health and taxes

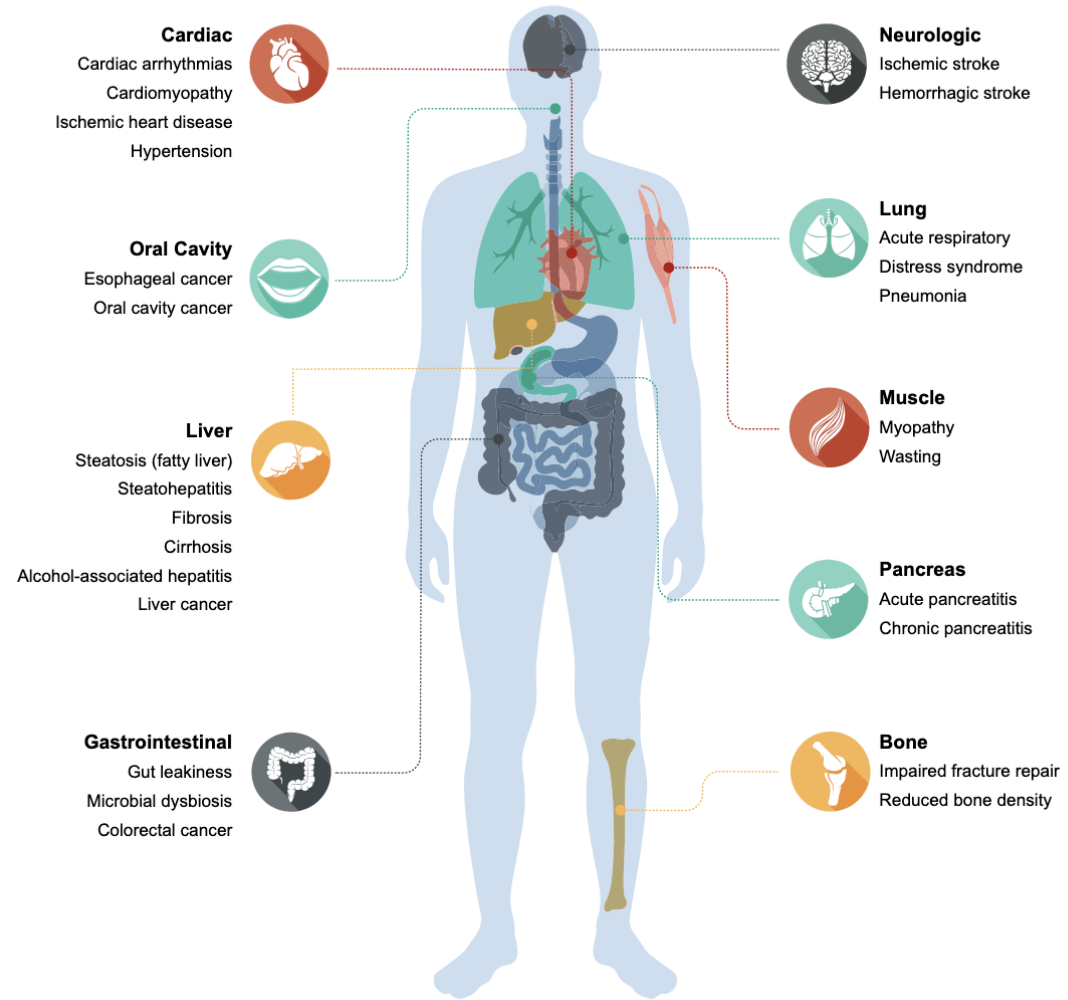
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The overview

- The latest data from the World Health Organization (WHO) indicate that:
 - Alcohol is causally related to more than 200 disease and injury conditions in the human body
 - Alcohol is responsible for approximately 2.6 million deaths per year
 - The relationship between alcohol and harm is paradoxical:
 - Alcohol harms are greatest in higher-income countries, communities and families, where consumption tends to be higher
 - Harms per liter consumed are highest in lower-income countries, communities and families

Alcohol's harms in the human body

Alcohol-Associated Organ Damage



Immune Dysregulation

CANCERS

Liver Colon Breast Oral cavity Rectum

Harms 100% attributable to alcohol use (ICD10 codes - CDC)

- Alcohol abuse
- Alcohol cardiomyopathy
- Alcohol dependence syndrome
- Alcohol polyneuropathy
- Alcoholic gastritis
- Alcoholic liver disease
- Alcoholic myopathy
- Alcoholic psychosis
- Alcohol poisoning
- Suicide by and exposure to alcohol
- Alcohol-induced acute pancreatitis
- Alcohol-induced chronic pancreatitis
- Degeneration of nervous system due to alcohol
- Fetal alcohol syndrome
- Fetus and newborn affected by maternal use of alcohol

Selected harms partially attributable to alcohol use

Chronic

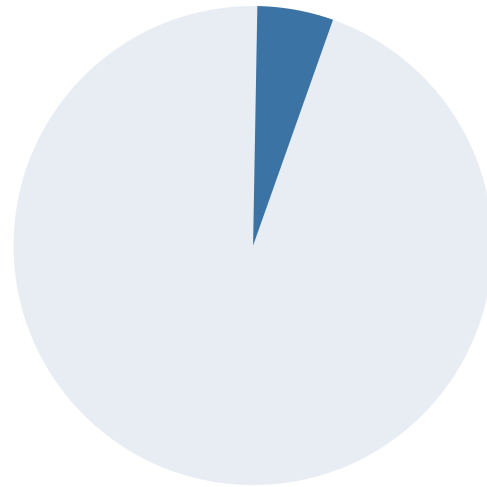
- Cancers: female breast, colorectal, esophageal, laryngeal, liver, oral cavity and pharyngeal, pancreatic, prostate (males only), stomach
- Heart disease and stroke: CHD, hypertension, hemorrhagic and ischaemic stroke
- Esophageal varices
- Liver cirrhosis (unspecified)
- Chronic hepatitis
- Infant deaths from low birthweight, pre-term birth, or small for gestational age

Acute (only AAFs >20%)

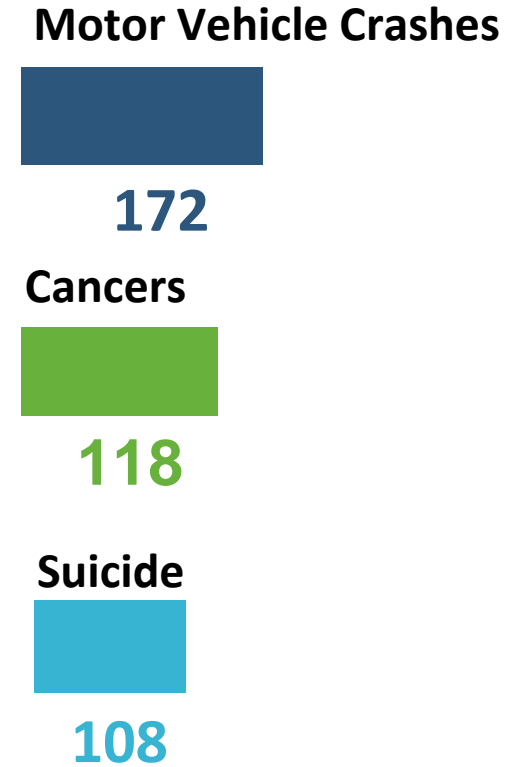
- Motor vehicle crashes
- Poisoning (not alcohol)
- Suicide
- Aspiration
- Drowning
- Fall injuries
- Fire injuries
- Firearm injuries
- Homicide
- Hypothermia
- Motor vehicle non-traffic crashes
- Water transport

NM Average Annual Death and Disability from Alcohol Use, 2020-21

2,095 deaths per year 



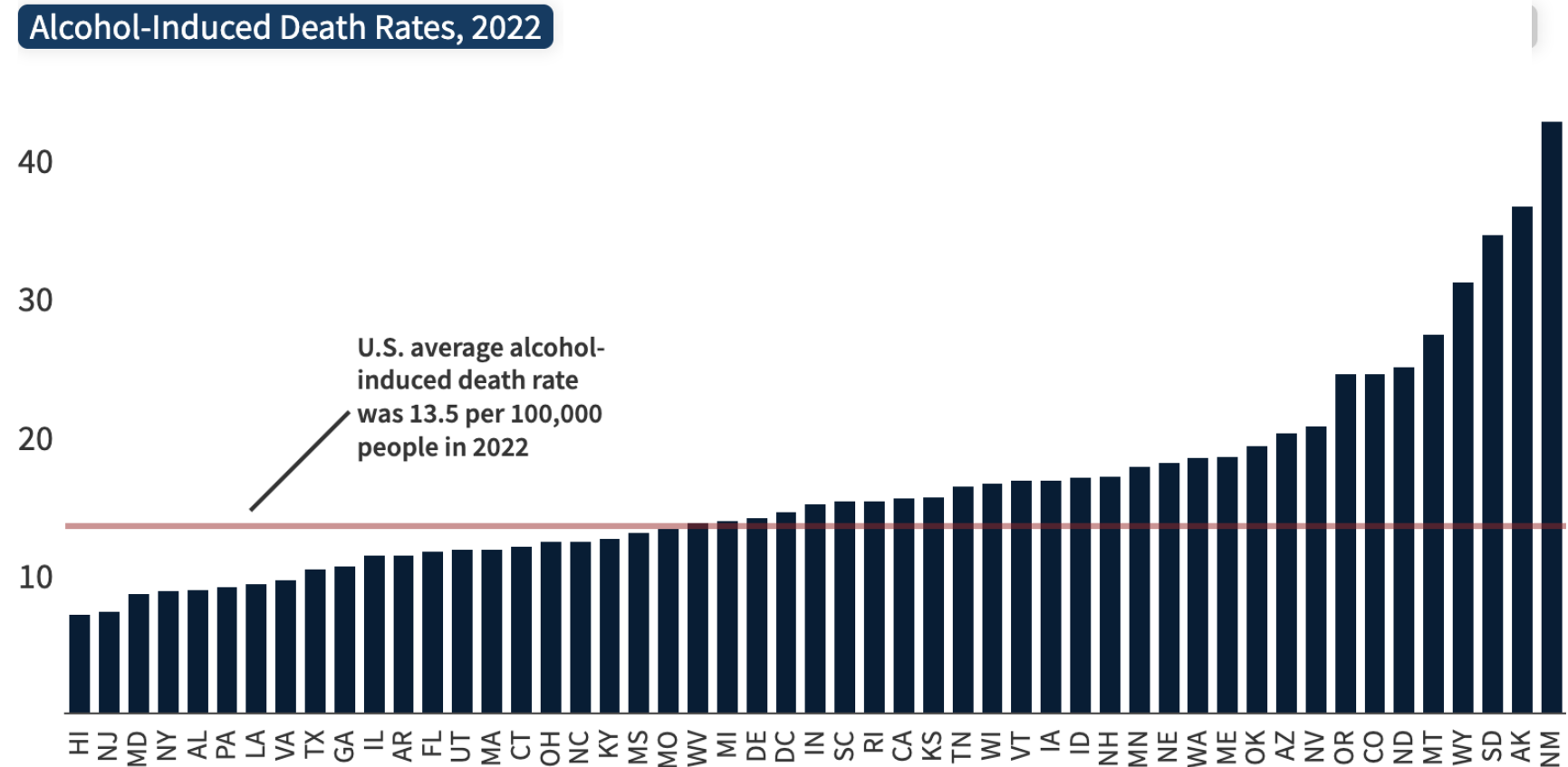
59,148 years of potential life lost per year



New Mexico Alcohol Statistics

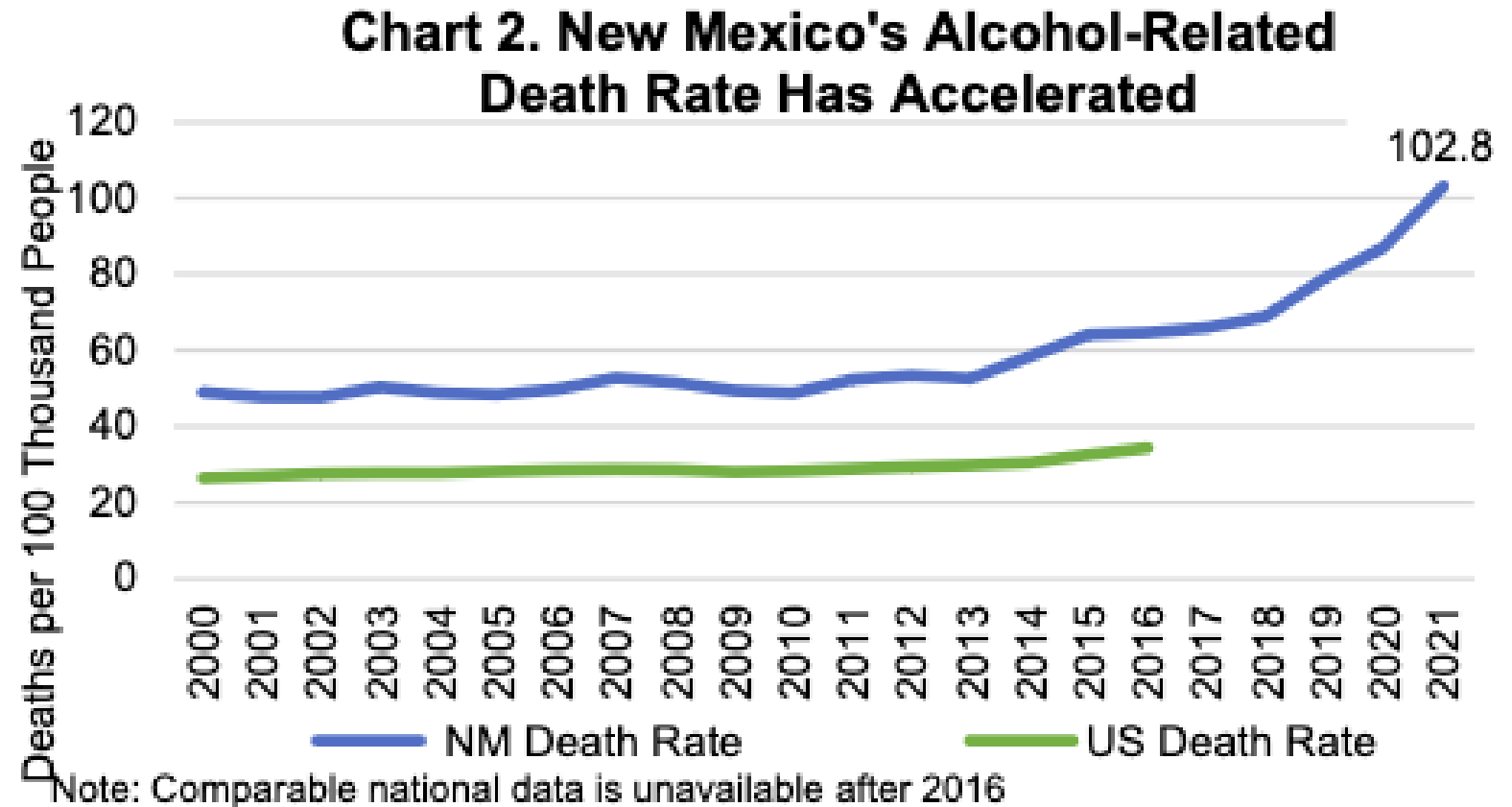
- New Mexico leads the nation in alcohol-induced deaths per 100,000 people.
- Alcohol-induced deaths are those caused by conditions directly due to excessive alcohol use (100% alcohol-attributable).

Alcohol-induced death rates per 100,000 people, 2022



New Mexico Alcohol Statistics

- According to the Program Evaluation Unit of the Legislative Finance Committee, there were 2,274 total alcohol-related deaths in New Mexico in 2021.
- The state's alcohol-related death rate increased by 31 percent from 2019 to 2021.



Source: DOH IBIS



Cost of Excessive Alcohol Consumption to NM



- Calculated based on alcohol-related healthcare costs, lost productivity, and other costs (fires, criminal justice, property damage, etc.)
- In 2010, excessive alcohol consumption cost New Mexico \$2.2 billion
- This is \$2.77 per drink or \$1,084 per person in the state
- 40.9% of these costs are paid by taxpayers

Health benefits from alcohol use?

Asthma
Autoimmune hypothyroidism
Aortic aneurism
Colorectal cancer
Common cold
Coronary heart disease
Children's behaviour and balance (when consumed by mother during pregnancy)
Dementia
Diabetes
Fatty liver
Fibromyalgia
Gallstones
Graves' hyperthyroidism
Hearing loss
Hip fracture
Intermittent claudication

Ischaemic stroke
Leukemia
Liver cirrhosis
Low birth weight, prematurity
Lower urinary tract symptoms (in men)
Lymphomas and Plasma cell neoplasms
Metabolic syndrome
Multiple sclerosis
Osteoporosis
Overweight
Psychiatric disorders
Renal cell cancer
Spontaneous abortion
Uterine cancer
Venous thromboembolism
Visual impairment

Problems with the health benefits literature

- General finding: light/moderate drinkers were more healthy than “abstainers”
- The “abstainer” category in fact in many studies failed to exclude “sick quitters”
- The light/moderate category tended to be people who had a wide range of healthy habits, leading to serious confounding
- When researchers improve on either misclassification or confounding errors, apparent health benefits disappear
- Using a technique called Mendelian randomization researchers could move beyond observational studies and essentially mimic randomized controlled trials
 - MR studies refute associations found in observational studies
- Bottom line: many reasons people may decide to drink - health should never be one of them

ALCOHOL TAXES

Sugar, rum, and tobacco, are commodities which are no where necessaries of life, which are become objects of almost universal consumption, and which are therefore **extremely proper subjects of taxation.**

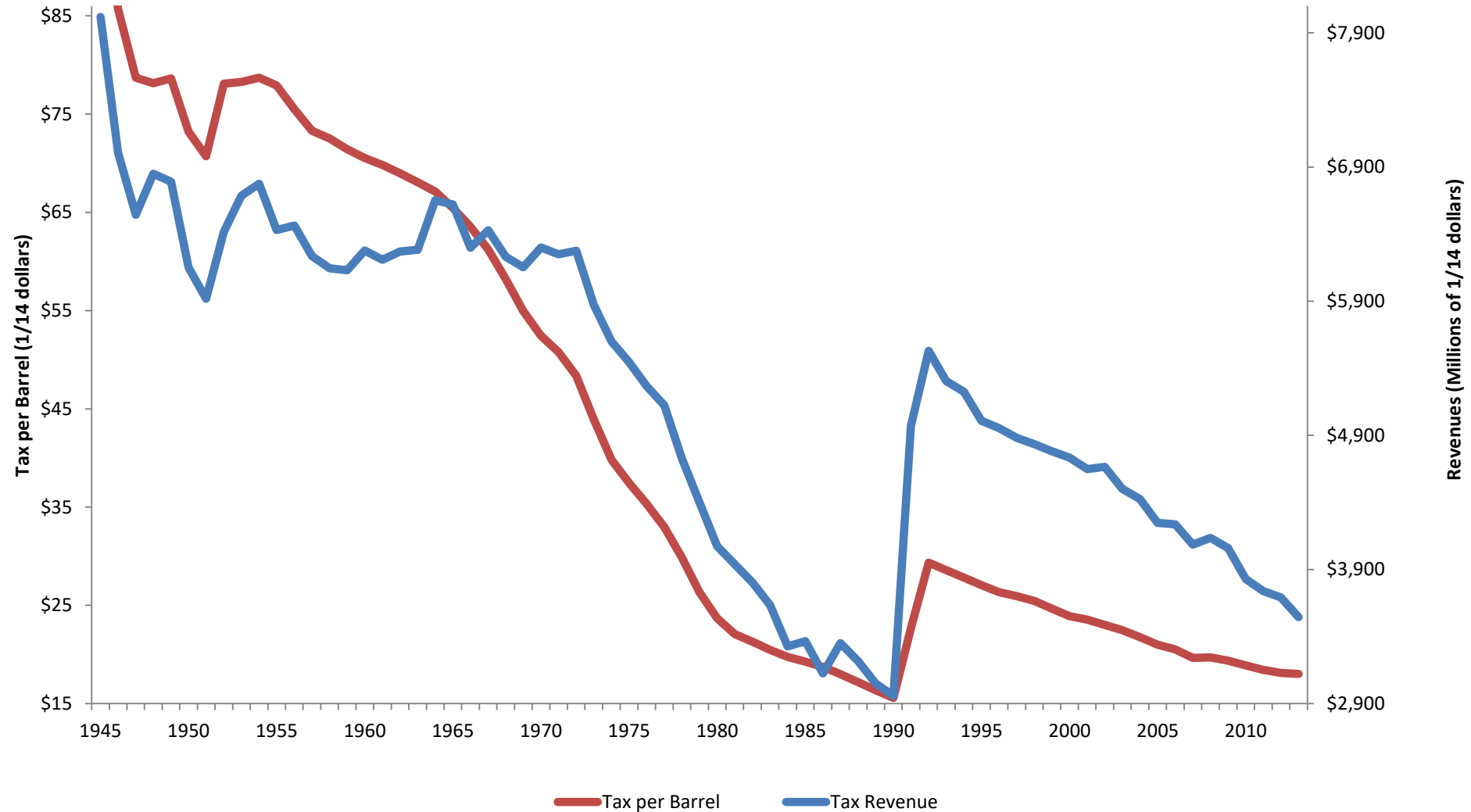


Adam Smith

An Inquiry into the Nature and Causes of The Wealth of Nations,
1776

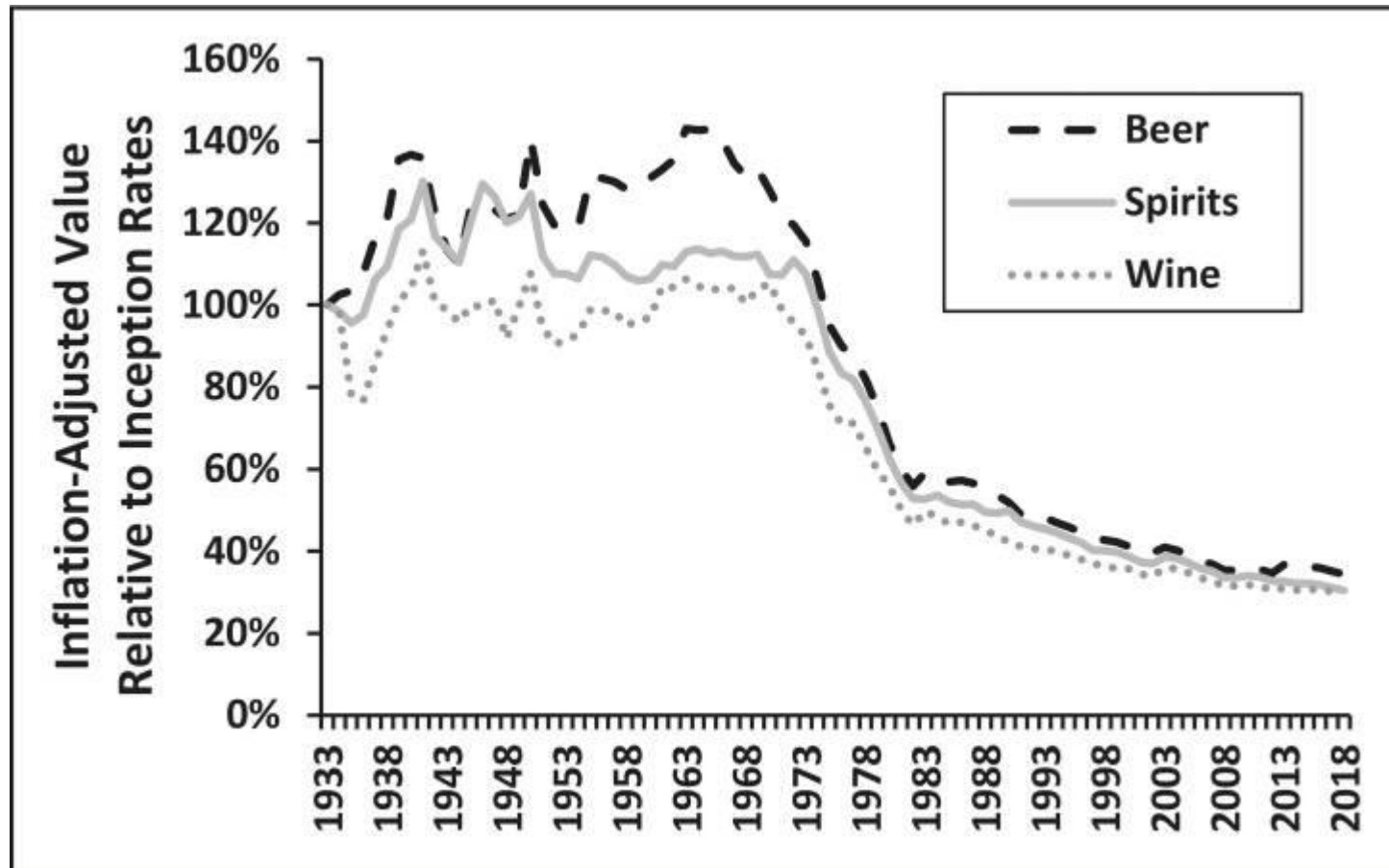
Also endorsed by recent Bloomberg Task Force on Fiscal Policy for Health,
the World Bank, the World Health Organization

Federal Beer Tax and Tax Revenues 1945-2013, Inflation Adjusted



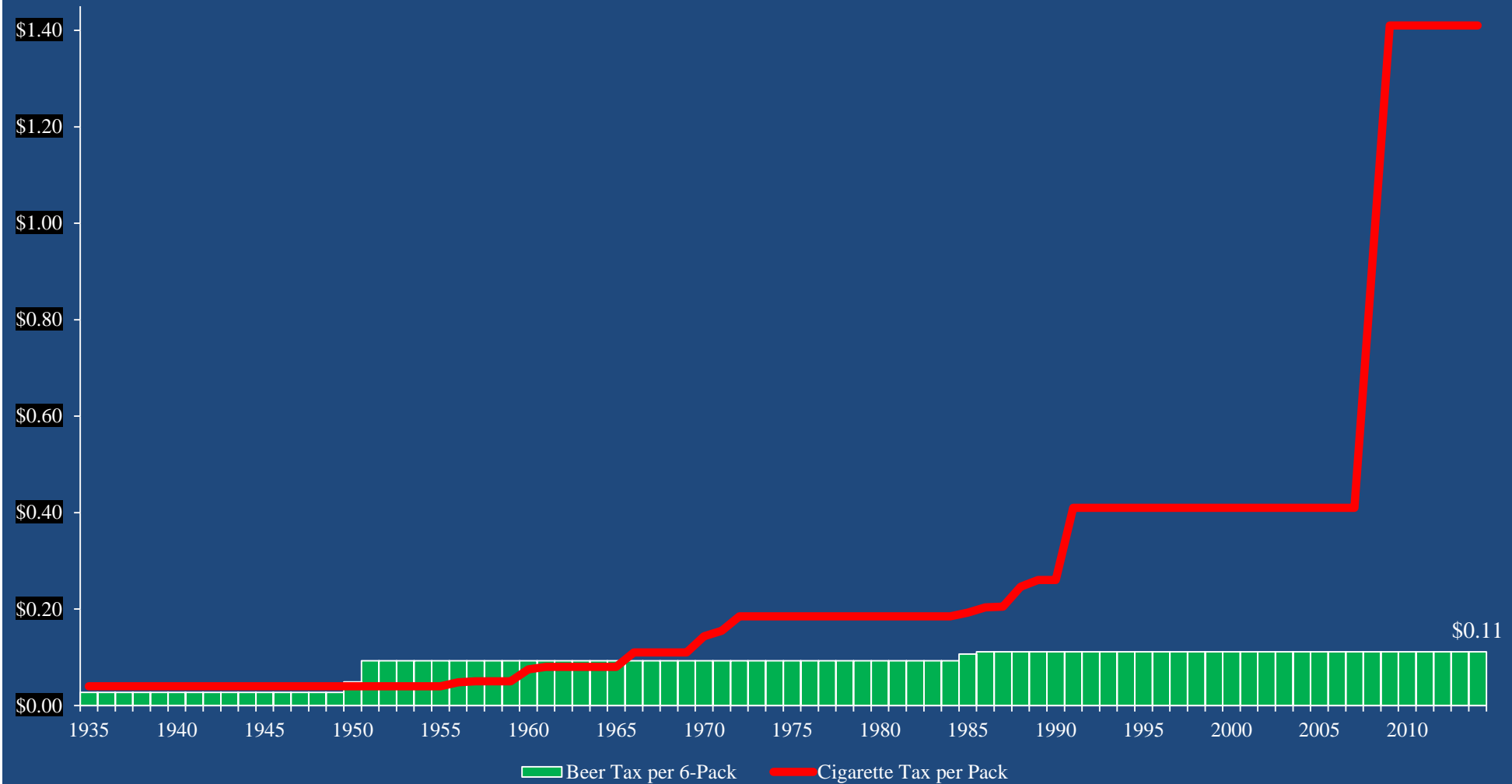
Source: *Brewers Almanac*, 2013, ATTTB, 2014, and Chaloupka calculations

State Excise Taxes for Beer, Distilled Spirits, and Wine, U.S., 1933–2018



¹All rates were inflation-adjusted to 2018 dollars

Cigarette & Beer Excise Taxes Texas, 1935-2014



Sources: *Tax Burden on Tobacco*, *Brewer's Almanac*, and Chaloupka calculations

The result:



- Off-premise, beer is often cheaper than water, orange juice, milk and soda
- On-premise, alcohol is widely discounted (drink specials, ladies' nights, etc.)
- Every year alcohol becomes more economically available because taxes don't keep up with inflation
- 2017 tax cut package included a federal alcohol tax *cut* worth an estimated \$2.1 billion per year.
- According to the Department of the Treasury, more than two-thirds of those tax benefits went to the largest alcohol producers.

Do alcohol taxes save lives?

Maryland studies

- 2010: Increased the sales tax on alcohol by 3%
 - \$27.3 million for services for people with developmental disabilities
 - \$18.4 million for alcohol and other drug and mental health services
 - \$14.3 million for long-term care for older adults
 - \$4 million for health enterprise zones to improve health equity
- Because it is a sales tax, it rises with inflation – with the state's excise tax, currently raising a total of nearly \$310 million annually

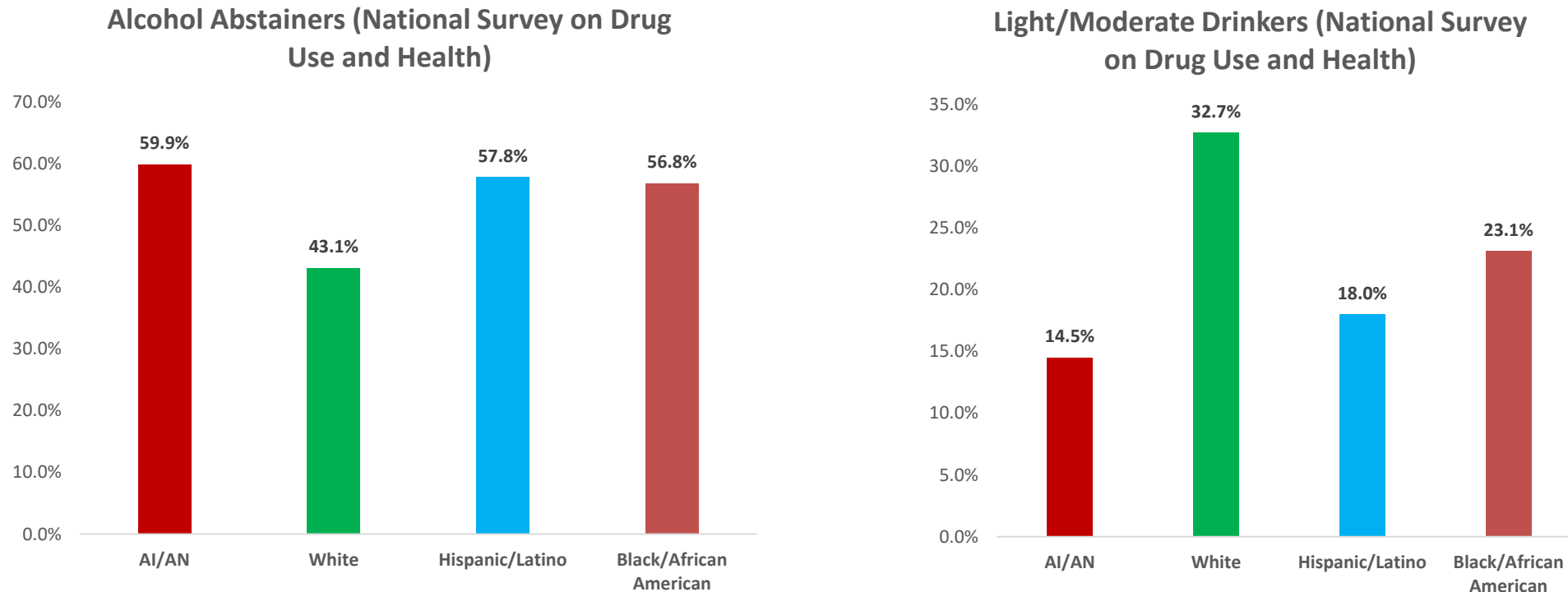
Health and Safety Impact of What Maryland Did

- Effects:
 - Immediate 3.5% drop in alcohol consumption; 11% drop from 2011 to 2016
 - 6% decline in alcohol-positive drivers on Maryland roadways, 12% drop among drivers age 15-34
 - 2011-2016:
 - 17% drop in binge drinking by Maryland adults
 - 26% drop in percent of students who drank in the past 30 days, 28% drop in youth binge drinking, 31% drop in students riding with a drinking driver

Other state experiences

- **Alaska**: substantial tax increases in 1983 and 2002 were associated with large immediate and sustained reductions in alcohol-related disease mortality, ranging from 11% to 29%.
- **Florida**: analysis of modest changes in tax rates in 1977, 1983, 1988 and 1991 found a 10% increase in alcohol tax was associated with a 2.2% decline in alcohol-related mortality (AAF >35%)
- **Illinois**: 2009 alcohol tax increase associated with a 26% reduction in fatal alcohol-related motor vehicle crashes.

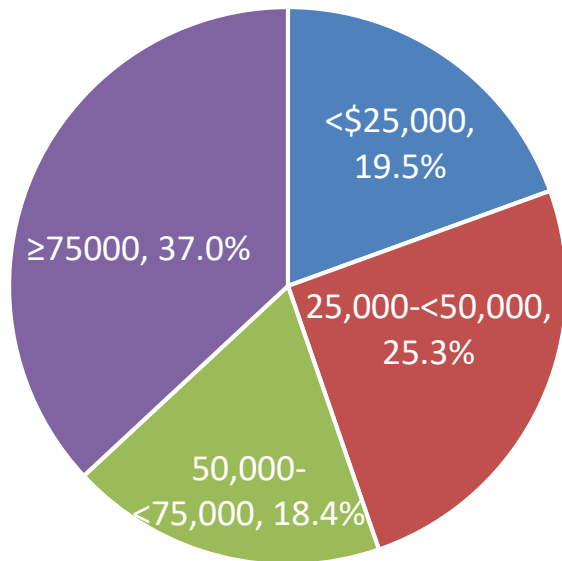
Inequity in consumption: Race/ethnicity



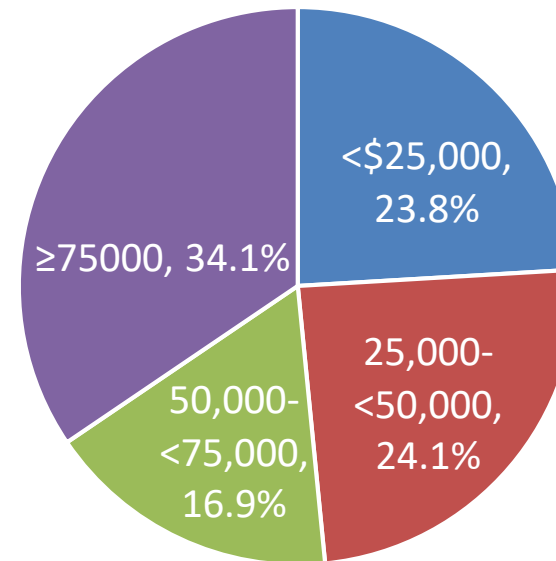
Whites are least likely and AI/AN people are most likely to abstain. AI/AN people are least likely to report light or moderate use, and White people are most likely to report this.

Inequity in consumption: income

Non-excessive drinkers



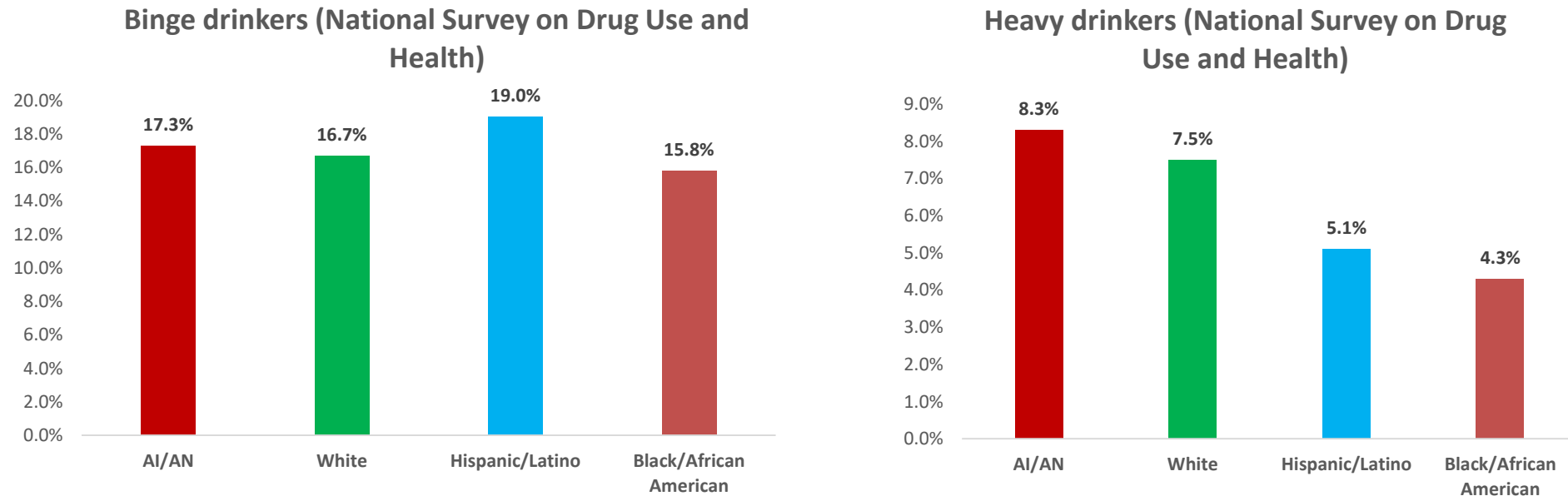
Excessive drinkers



■ <\$25,000 ■ 25,000-<50,000 ■ 50,000-<75,000 ■ ≥75,000 ■ <\$25,000 ■ 25,000-<50,000 ■ 50,000-<75,000 ■ ≥75,000

Drinking rises with income, and both non-excessive and excessive drinking are most common in the highest income groups

Inequities in consumption – binge (4+ for females, 5+ for males) and heavy (binged 5+ days in last 30) use



AI/AN people and White people are most likely to be heavy drinkers; Hispanic/Latinx people slightly more likely to self-report as binge drinkers.

Note: Estimates of prevalence of both binge and heavy drinking among AI/AN and White people differ by less than 1 percentage point..

**Inequities in
consumption:
heavy
drinking
(binge 5+
times in past
30 days)**

- Who drinks most of the alcohol?

Heavy drinkers (NSDUH):

- 11.3 million White adults 18+
- 1.8 million Black or African American adults 18+
- 129,000 American Indian or Alaska Native adults 18+
- 57,000 Native Hawaiian or other Pacific Islander adults 18+
- 318,000 Asian adults 18+
- 300,000 adults of two or more races 18+
- 2.3 million Hispanic or Latino adults 18+

Inequity in consumption

- Top 2.5% of drinkers consume roughly $\frac{1}{4}$ of the alcohol
- Top 5% of drinkers consume roughly 40% of the alcohol
- Top 20% of drinkers consume roughly 88% of the alcohol

- WHO ARE THESE PEOPLE?
 - White
 - Higher income

Alcohol Consequences and Inequities

- Consequences of alcohol use are inequitably distributed
- White people drink more than African Americans or Hispanics/Latinos, and just slightly less than AI/AN people
- AI/AN, African Americans and Hispanics/Latinos are at higher risk of alcohol consequences than White people
 - Alcohol dependence
 - Alcohol-related liver disease
 - Alcohol-related cancers
 - Involvement in alcohol-impaired driving
 - Interpersonal violence
- Alcohol use explains as much as **27%** of socioeconomic inequalities in mortality

Who Pays for Alcohol Taxes?

Distribution of Alcohol Consumption Among Adults (age 18+) in New Mexico's Population



Average Additional Cost for Alcohol per Adult (18+) Per Year as a Result of the Tax Increase, by Drinking Category

Tax/Drink	Excessive Drinkers	Non-Excessive Drinkers
\$0.05	\$12.95	\$2.49
\$0.10	\$24.55	\$4.73
\$0.25	\$51.14	\$9.85
Sales Tax		
5%	\$19.42	\$3.74

https://wwwapp.bumc.bu.edu/BEDAC_Camy/ResearchToPractice/Price/AlcoholTaxTool

Naimi, T. S., Daley, J. I., Xuan, Z., Blanchette, J. G., Chaloupka, F. J., & Jernigan, D. H. (2016). Who Would Pay for State Alcohol Tax Increases in the United States? *Preventing Chronic Disease*, 13, E67. <http://doi.org/10.5888/pcd13.150450>

Alcohol taxes are PROGRESSIVE

- Rich people drink more than poor people
- Alcohol tax increases are targeted – to the higher-income people who drink the bulk of the alcohol and are the bulk of the excessive drinkers
- For lower-income people, alcohol taxes are a win-win:
 - They fund government services, which lower-income people are more likely to use than higher-income people
 - They will influence lower-income people's drinking more, providing more benefit to family budgets, health status, etc.
 - Massachusetts polling data...
- The effects of alcohol tax increases are clearly progressive

New Mexico: Among Non-Excessive Drinkers, Who Would Pay for an Increase in the Alcohol Tax

Among Adult (18+) Non-Excessive Drinkers, Average Additional Cost for Alcohol Per Year by Income Group

Tax/Drink	< \$25,000	\$25,000 - \$49,999	\$50,000 - \$74,999	> \$75,000
\$0.05	\$1.91	\$2.28	\$2.28	\$2.76
\$0.10	\$3.64	\$4.36	\$4.36	\$5.26
\$0.25	\$7.77	\$9.30	\$9.30	\$11.22
Sales Tax				
5%	\$3.01	\$3.61	\$3.61	\$4.35

Gross vs. Net Employment Impact

- **Gross Impact:**
 - Alcohol excise tax increases will lead to decreased consumption of alcoholic beverages
 - Loss of jobs in alcohol-dependent/related sectors
- **Net Impact:**
 - Money not spent on alcoholic beverages will be spent on other goods and services
 - Gains in jobs in other sectors
 - Increased tax revenues spent by government
 - Additional job gains in other sectors

Net Employment Impact

Potential Impact of Alcohol Tax Increases on Jobs

Tax/Drink	General Fund	Healthcare
\$0.05	653	139
\$0.10	1265	269
\$0.25	2898	616
Sales Tax		
5%	622	98

Ways to improve/modernize New Mexico's alcohol taxes

- Increase them to at least account for the loss to inflation since they were last raised in 1993 (i.e. more than double)
- Increase them even more to address negative externalities of alcohol use in New Mexico
- Adjust the rates to “equalize” across beverage types, moving closer to taxing by the amount of alcohol in the beverage
- Going forward, regularly adjust the rates for inflation

THANK YOU!

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 @dhjalcohol

