

What Parents Should Know

Parenting Awareness Michigan
Conference
October 20, 2010

Current Issues

- Alcopops
- Keg tracking, H.R. 836, MLDA, Safe Drinking guidelines, HB6007
- Raising the beer tax***

Alcopops

- Sugary, sweet, carbonated, flavored malt beverages (FMBs) that appeal to youth.
- There are three subtypes



FMB + Distilled Spirits



- Alcohol/Volume content traditionally 4-5% and packaged in bottles.

FMB with Stimulants



- Alcohol by volume tends to be higher than other FMBs – up to 12%.
- Usually packaged in cans.

FMB without Stimulants



What's the Problem With Alcopops?

- Product confusion
- Advertising, Marketing, and sweet taste appeal to younger drinkers
- High alcohol content
- Being sold normalizes that it must be ok (AEDs)
- More harm (AEDs)

The solution:

- Reclassify FMB with Distilled Spirits to “mixed spirit drink.”

Other Solutions

- De-register FMBs with Stimulants
- Clearer labeling for all alcopops
- Tax products based on alcohol/volume content

Other Issues MAP Supports

- HB4565/SB470 Keg Tracking
- H.R. 836 Brewers Excise and Economic Relief Act of 2009
- MLDA
- Safe Drinking Guidelines
- Against extending sales of alcohol

Proposal to Raise Michigan's Beer Tax

- Raise it 5 cents per 12 ounce serving.
- Designate the additional revenue to critical services
- Index the tax to inflation

Excise Tax, Beer

\$6.30 per barrel (31 gallons) or about \$.20 per gallon.

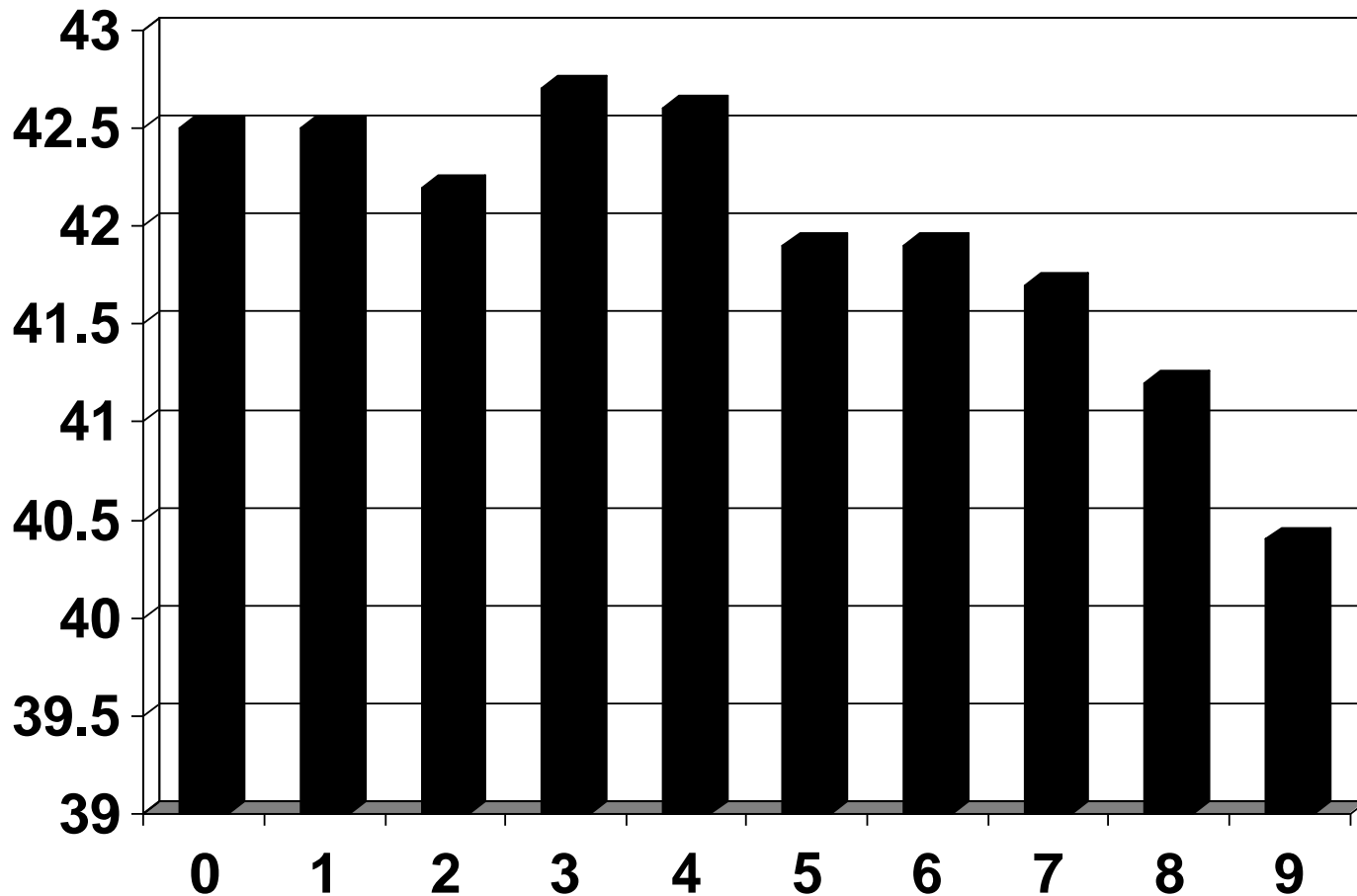
\$.28/gallon is the national average and Michigan ranks 28th nationally.

The tax is credited to the general fund. (MCL 436.1409).

In 2009 the beer tax generated \$40.4 million.

Excise Tax, Beer (millions)

2000-2009



Taxes on Distilled Spirits

- Four separate Michigan liquor taxes totaling \$1.21 per 750 ml.

Liquor Taxes

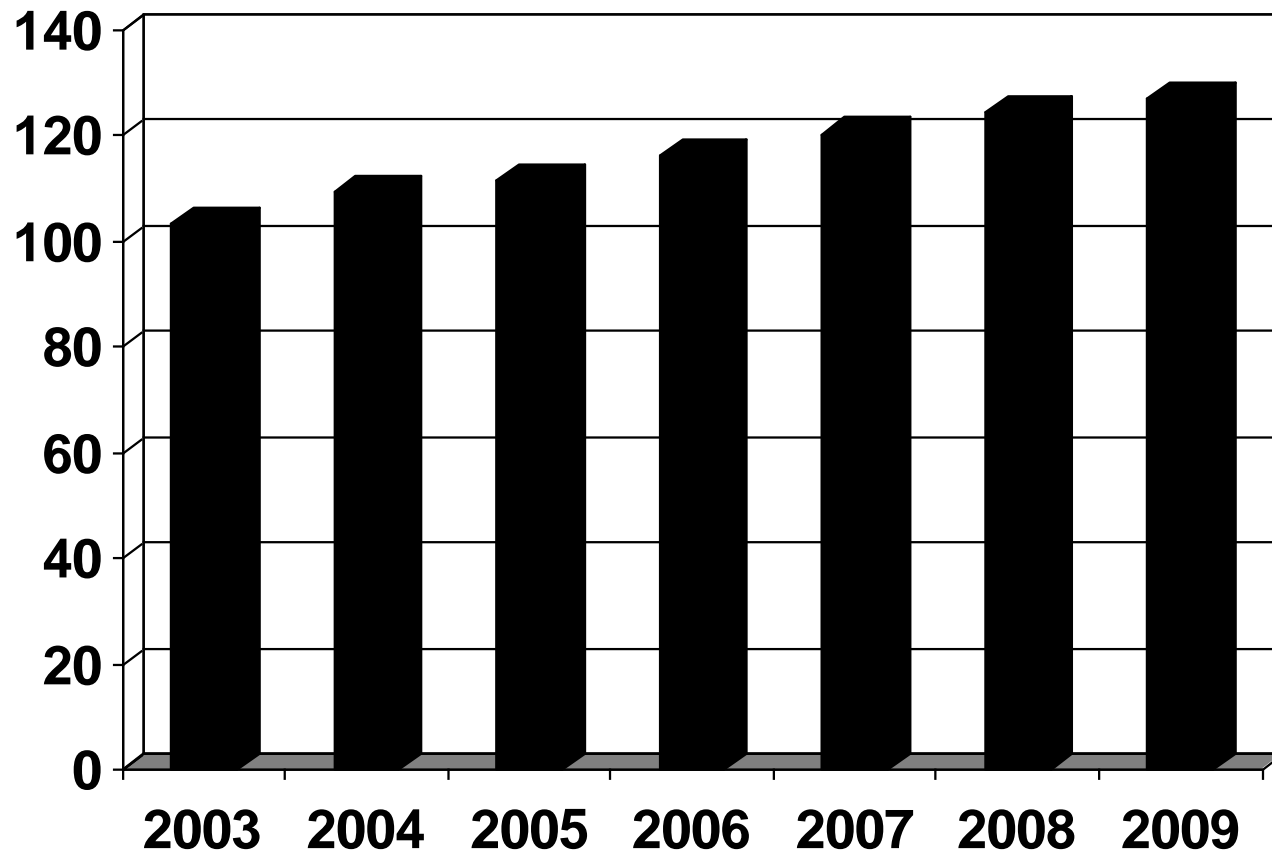
4% of the base price – credited to the School Aid Fund (MCL 436.2203).

4% of the base price – credited to the General Fund (MCL 436.2201).

4% of the base price – credited to the General Fund to a restricted account For the Tourism and Convention Facilities Fund. A portion of this fund is distributed to county governments. (MCL 436.2207).

1.85% of the base price – credited to the Liquor Purchase Revolving Fund And transferred to the General Fund (MCL 436.2205). The tax is imposed Only on sales to off-premises licensees.

Specific Liquor Taxes (total, in millions) 2003-2009



Excise Tax, Wine

\$.135 per liter for wines which are 16% alcohol or less by volume. Roughly \$.51/gallon.

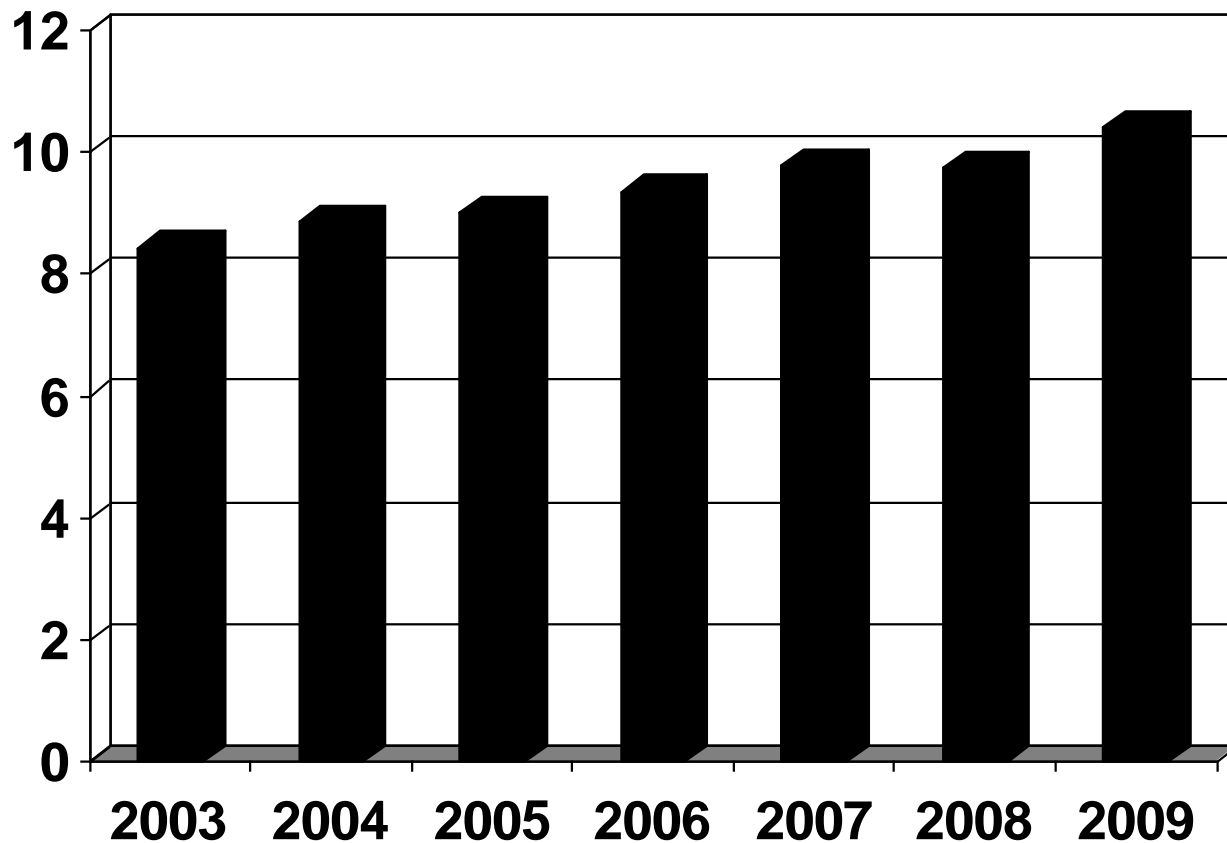
\$.20 per liter for wines which are over 16% alcohol by volume. Roughly \$.76/gallon.

The tax is credited to the general fund (MCL 436.1301).

In 2009 the wine tax generated \$10.4 million.

Excise Tax, Wine (millions)

2003-2009



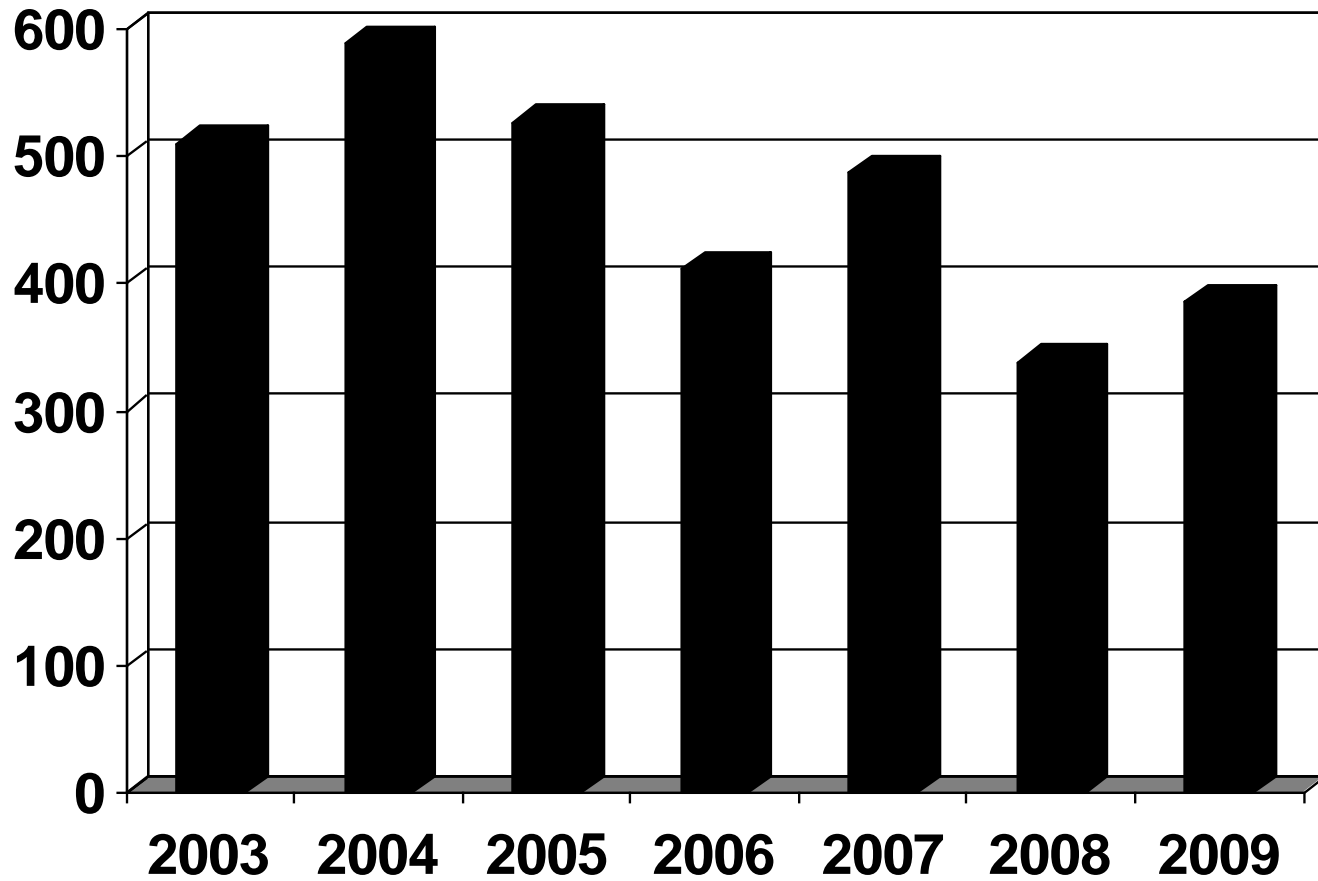
Excise Tax, Mixed Spirit Drink

\$.48 per liter or roughly \$1.81/gallon.

Credited to general fund (MCL 436.1301)

In 2009 the mixed spirit drink tax generated \$386,454.

Excise Tax, Mixed Spirit Drink 2003-2009 (hundreds of thousands)



Taxes On An Equivalent Drink Basis

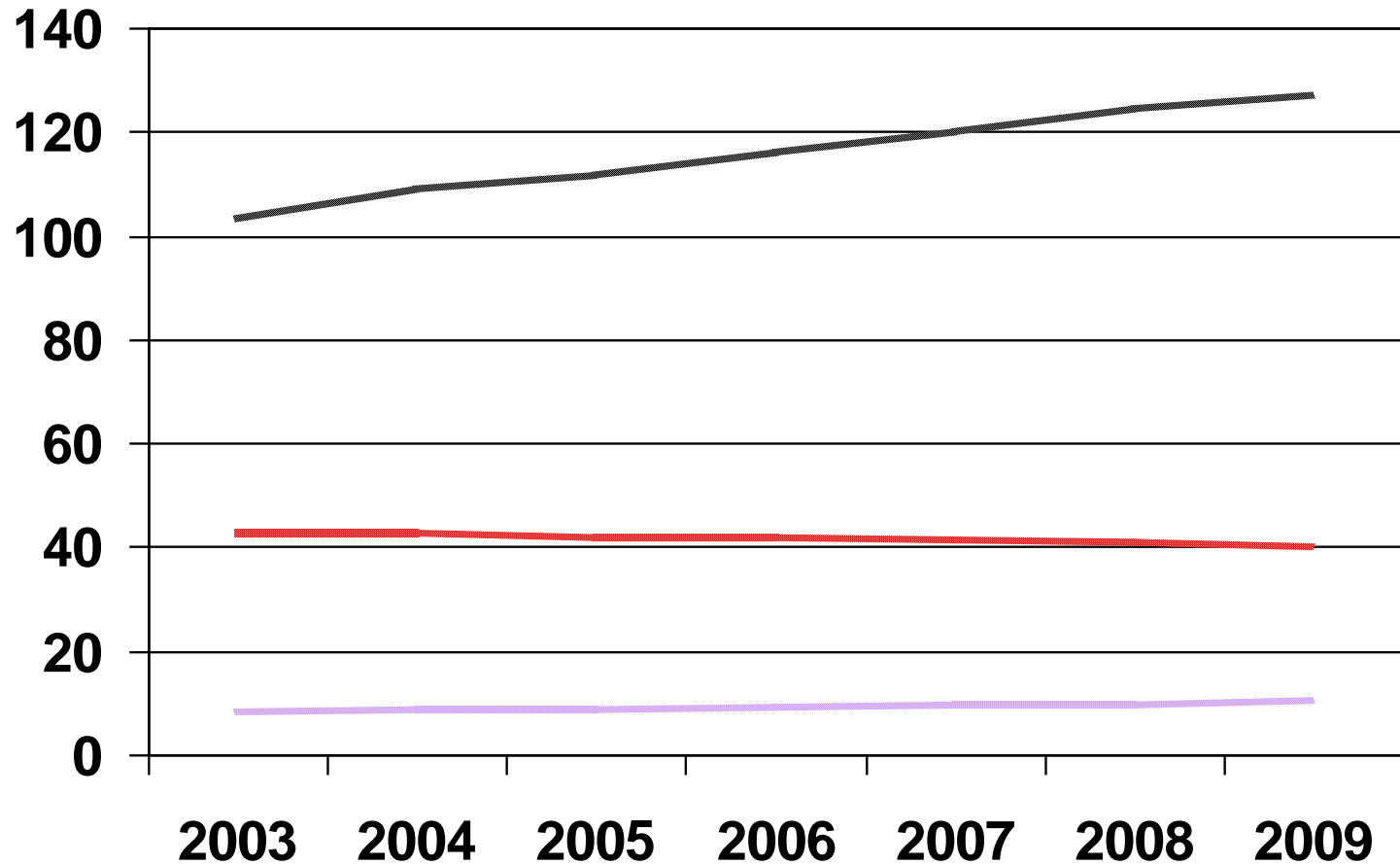
Liquor, 1.5 oz → 8.81 cents

Beer, 12 oz → 1.91

Wine, 5 oz → 1.99

MSD, 12oz → 16.97

Wine, Beer and Spirits 2003-2009



Why Raise Alcohol Taxes?

Good public policy

- Reduces consumption and alcohol harm

Good source of needed revenue

- 71% of respondents support a 5 cent per drink increase in the national tax on alcohol. (Global Strategy Group/CSPI Poll, 2005)
- 75% of **drinkers** support increasing the beer tax if the funds were used for substance abuse prevention. (Penn, Schoen, and Berland/CSPI Poll, Aug. 2001)
- 85% of Californians support a nickel a drink increase. (PPI 2009)
- 68% of Americans support an increase in taxes on wine and beer to pay for health care reform and to provide health coverage for the uninsured. (Kaiser Health Tracking Poll, April 2009)
- 70% of Kansas residents support an alcohol tax increase. (Kansas Statewide Survey, March 2010)
- 71% of Maryland residents support an alcohol tax increase. (Maryland Citizens' Health Initiative, March 2010)
- Recent Polls in New York and New Jersey reveal similar support

Ingham County Survey

- 68-73% of registered voters support increasing the beer tax.

Now is the Time

- **Illinois, Kentucky, Massachusetts, New York, and North Carolina** -- raised beer taxes in 2009, either by repealing a sales-tax exemption or imposing small increases in excise tax.
- **Washington State** just passed a substantial temporary beer-tax increase that will take effect on July 1, 2010.

The few do the most drinking

- **35% don't drink at all.**
- **80%** of drinkers account for **20%** of all the alcohol downed in the U.S.
- **The top 5%** account for **almost half** (48%).

Source: National Epidemiologic
Survey on Alcohol and Related
Conditions, 2001-2002

The Case for Increasing Beer Taxes

- Beer taxes are low and long overdue for increases.
- They can provide a source of significant revenue, possibly to reduce the harmful effects of alcohol use.
- Higher prices would help moderate drinking and alcohol-related problems and costs.
- Despite industry rhetoric, they don't present an excessive burden for the vast majority of beer drinkers.
- The public strongly supports higher beer taxes, particularly when the revenues are earmarked for a related, good public purpose.

Things You Can Do

- Ask candidates if they support raising the tax on beer and other alcohol.
- Sign our petition and/or collect signatures
- Fill out our “Become an Advocate” sheet
- Meet with legislators beginning January
- Ask MAP to speak at one of your group’s meetings
- Attend MLCC’s hearing Dec 1 in Lansing

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