



Proposal to Increase Michigan's Excise Tax on Beer

Michigan's economic crisis is threatening the critical services and resources that address the harmful and illegal use of alcohol. These include:

- Police and Emergency Services
- Support for 0-5 childhood programs
- Michigan Model Educational curriculum which includes alcohol and drug prevention
- Prevention, Intervention, Treatment, and Recovery programs
- Enforcement and adjudication of alcohol and drug laws.

We can create a healthier and safer Michigan by raising the tax five cents on a 12-ounce beer. Research demonstrates that increasing the price of beer will reduce:

- youth consumption of beer
- alcohol-impaired driving and alcohol-related traffic crashes and deaths
- incidents of violent crime, including homicide, assault, robbery, and rape
- mortality from liver cirrhosis.¹

Since 1966, Michigan has imposed a tax of \$6.30 per 31-gallon barrel.² This equates to about 1.9 cents per 12-ounce can or 20 cents per gallon. The national average per gallon is 28 cents.³ There are currently 19 states with a beer tax higher than Michigan.⁴ Increasing the cost of a 12-ounce can five cents will increase Michigan's per gallon tax by 54 cents bringing it to 74 cents per gallon.⁵ When this change occurs there will be seven states with a higher tax.⁶

Pass a law that indexes the tax to inflation. If the 1966 tax had been indexed to inflation, the tax on beer today would be raising more than \$270 million annually instead of \$42.5 million. A can of beer would cost about ten cents more.⁷

Earmark 100 percent of the increase in beer tax revenues to go to the above mentioned services and resources. In 2008 the tax on beer in Michigan generated about \$42 million dollars with the proceeds going to the general fund.⁸ This additional tax would generate approximately \$107 million in Excise Tax revenue and \$3.4 million in Sales Tax revenue.⁹

If you as an individual or organization support this and are willing to have your name publically listed as a supporter, complete and return to Michigan Alcohol Policy, PO Box 232, Perry, MI 48872 or visit michiganalcoholpolicy.org to sign up.

Organization and Contact Person _____

OR

Individual Supporter _____

E-mail _____ **Phone** _____

Address _____ **City** _____ **ZIP** _____

References

¹Elder RW, Lawrence B, Ferguson A, Naimi TS, Brewer RD, Chattopadhyay SK, Toomey T, Fielding J, the CDC Task Force on Community Preventive Services. *The Effectiveness of Tax Policy Interventions for Reducing Excessive Alcohol Consumption and Related Harms*. Am J Prev Med 2010;38(2)217-229.

²Center for Science in the Public Interest (2004). *Factbook on State Beer Taxes*. Online: <http://www.cspinet.org/booze/taxguide/040802BeerReport.pdf>.

³Center for Science in the Public Interest (2009). *States Ranked by Alcohol Tax Rates: Beer*. Online: http://cspinet.org/new/pdf/state_rank--jan_2009.pdf.

⁴Ibid 3.

⁵Center For Science In the Public Interest Alcohol Policies Project. Alcohol Tax Calculator. <http://www.cspinet.org/booze/taxguide/TaxCalc.htm>.

⁶Ibid 3.

⁷Center for Michigan. *A New Model Michigan: Eight Ideas to Structurally Change How Michigan Does the Public's Business in These Difficult Times* (2007).

⁸Michigan Liquor Control Commission. *Annual Financial Report 2008*. Online: http://www.michigan.gov/documents/dleg/annual_report_2008_booklet_273554_7.pdf.

⁹Marin Institute online Alcohol Tax Revenue Calculator: <http://www.marininstitute.org/site/tax-calculator.html?view=alcoholtax>.