

The Effects of Alcohol Excise Tax Increases on Public Health and Safety in Texas:

Executive Summary

Excessive alcohol use kills 6,514 Texans each year, including 1,296 in fatal traffic crashes.

Alcohol taxes protect health and prevent underage drinking. Extensive empirical research has confirmed that increases in alcohol excise taxes reduce underage drinking, binge drinking, driving under the influence, crime, rape, homicides, suicides, fetal alcohol syndrome, sexually transmitted diseases, violence against children, and other consequences of excessive drinking.

Alcohol problems cost Texas an estimated \$19 billion per year.

Government in Texas, and by extension Texas taxpayers, directly pays \$7.7 billion of these costs.

Texas last raised its alcohol excise taxes when Ronald Reagan was President. In the thirty years since then, these taxes have lost 56 percent of their value because they do not rise with inflation.

This erosion from inflation has caused alcohol excise tax revenue to fall to \$208 million, which is two-tenths of one percent of total tax revenues, and less than two percent of the direct costs of alcohol problems to Texas taxpayers.

Excise taxes on spirits in Texas are currently the 45th lowest in the nation. Similarly, the excise tax on wine is the 43rd lowest in the nation and the beer excise tax is the 30th lowest.

A 10 cent per drink increase in alcohol excise taxes would raise \$708 million in new revenue for the State of Texas, and would result in an 8.6 percent reduction in alcohol consumption.

If Texas raised its alcohol excise taxes by 10 cents per drink, 46 percent of Texans would pay no additional tax because they do not drink alcohol. An additional 32 percent—the moderate drinkers—would pay an additional \$4.53 per person per year in taxes. Excessive and high-risk drinkers would pay 80 percent of the tax—an average of \$26.64 per person—because they do the bulk of the drinking.

Among excessive and non-excessive drinkers, people making more than \$75,000 per year would pay more per person than any other income group because they tend to drink more alcohol.

That same 10 cent per drink increase in the alcohol excise tax would create 15,189 new jobs in Texas, as revenues shift from the alcohol industry to government, health care and other relatively labor-intensive sectors and services.

A 10 cent per drink increase in alcohol excise taxes would also save 402 lives in Texas. It would keep 66 babies from being born with fetal alcohol syndrome, reduce teenage pregnancy by 359 cases, and prevent 112 alcohol-impaired driving fatalities in Texas, while preventing 113,205 cases of alcohol abuse and dependence.

Texans Standing Tall commissioned a report on the impact of increasing the alcohol excise tax on Texas public health and safety. The report is authored by Megan Diaz, MA, Frank Chaloupka, PhD, and David Jernigan, PhD. All information in this Executive Summary is explained further and cited in the full report. To access the full report, visit TexansStandingTall.org.



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