



# MICAP RECAP

Volume 102, Number 6 - December 2007

(A Publication of the Michigan Council on Alcohol Problems)

## TAXATION AND BEVERAGE ALCOHOL

Dear Members and Friends,

Our goal statements set the agenda for this month's MICAP-RECAP:

- A. Educating the Michigan Public for responsible controls in the area of alcohol policy, and
- B. Alert and mobilize supporters to any (possible) public policy changes related to our Mission.

Most experts in the field of Alcohol Policy indicate that it is much more economical to prevent addiction than to treat the addiction. Responsible controls in the arena of Beverage Alcohol Distribution Policy are the best and most economical ways to prevent the personal and monetary costs of addiction and problem drinking. Those include:

- A. Limiting the hours during which beverage alcohol may be sold (See the Oct., '07, MICAP-RECAP).
- B. Limiting the access points where it may be bought and/or served.
- C. Taxation (generally, the higher the cost, the less beverage alcohol is consumed, especially among under-aged drinkers), and
- D. Limiting the age at which beverage alcohol may be purchased/consumed.

The lead articles in this issue will look at Taxation Issues surrounding the beverage alcohol industry. Another article will UPDATE you on last month's topic: HB4573 and Open Hours from 2:00 a.m. to 4:00 a.m. Monday through Saturday, as well as adding Sunday Morning sale hours (which up to now have begun at Noon) from 7:00 a.m.

May I also remind you that we are completing our 102nd year promoting temperance? Because of the destructive consequences of the use of beverage alcohol and the high annual price tag for that use, you can be sure that MICAP will continue to protest the unbridled access so desired by the Liquor Industry as well as the repeal of taxation which is now being attempted in our National Congress.

Your generous support in the recent past has helped in two different ways. First, it helped reverse the Big Boy International corporation's attempt to convert their family-friendly restaurants into full-service bars. When we ran the MICAP Campaign to reverse that decision, they came out the next year with a different set of goals which did not mention beverage alcohol. Their 1906-07 goals included remodeling their real estate and bolstering their food choices. Thank you for that support!

Secondly, your support has also slowed drastically (and hopefully stopped) the fast-track passage of House Bill Number 4573. See the UPDATE inside.

As we lay 2007 to rest and begin 2008, our 103rd year, we covet your continued support. We cannot do this ministry alone. It's too important to do alone! It belongs to all of us! Last year, just one gift made it possible to send this MICAP-RECAP to our elected officials in the Lansing Legislature and our National Congress. That is proving crucial now with HB4573. So, your gift, large or small will help us keep sane the alcohol policies forthcoming from our state and national lawmakers. We're counting on you. Please use the envelope enclosed to share your gift with us.

May each of you catch a sense of joining with God as we struggle together to build a safer, healthier, more productive environment in the Michigan arena of our nation.

Sincerely,  
Rev. W. J. (Bill) Amundsen, President,  
AADIF/MICAP Board of Directors

# ON TAXATION OF BEVERAGE ALCOHOL SALES

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## We say: "Raise Taxes!"

### The Beverage Alcohol Industry says: "Repeal Taxes!"

The Center for Science in the Public Interest's (CSPI) web-site has some very interesting information on it for people from Michigan. It notes that six (6) of our Michigan Representatives to the U.S. Congress took contributions from the Beverage Alcohol Industry in the 2005-2006 election cycle. Those Representatives, their Districts, and the amount of campaign funding which they received are listed here:

Rep. Dave Camp, MI. 4 <sup>th</sup> District,	\$ 6,000.00
Rep. Peter Hoekstra, MI. 2 <sup>nd</sup> District,	\$ 12,000.00
Rep. Dale Kildee, MI. 5 <sup>th</sup> District,	\$ 2,000.00
Rep. Thaddeus G. McCotter, MI. 11 <sup>th</sup> Dist.	\$ 14,500.00
Rep. Mike Rogers, MI. 8 <sup>th</sup> District	\$ 23,000.00
Rep. Tim Walberg, MI. 7 <sup>th</sup> District	\$ 7,500.00

Is it any surprise that these are all supporting the Alcohol Industry as they vote in Congress? House Resolution 1610 (in the U.S. Congress) is being pushed by the Beverage Alcohol Industry and aims to reduce the tax on beer to its pre-1991 level? This is not a surprise that this is coming from the Alcohol Industry. What is surprising is that these Representatives, and others, are supporting this legislation when most of the other professionals who have to deal with the fallout from problem drinking (Physical and Mental health fields, sociologists, highway and traffic safety, experts on under-aged drinking, National Church Bodies, [all these, and others]) indicate that a higher tax on alcoholic beverages would be beneficial to our society.

Besides this, over 60 different economists, including 4 who have won the Nobel Prize in Economics believe that bringing the tax on beverage alcohol to its historic percentage levels will help in two ways: First, there is the income generated which would begin to cover **some** (and only some) of the horrible social costs attributed to the destructive consequences of those who are unable or unwilling to control their intake of beverage alcohol. Secondly, it would help curtail underage drinking.

A letter, signed by 51 groups involved in the treatment and/or prevention of alcoholism is appended below. While it is dated January 23, 2007, the contents help educate us all to some of the issues involving taxation of beverage alcohol. It did go to the Members of our U.S. Congress on January 23, 2007.

# RAISE ALCOHOLIC-BEVERAGE TAXES, DON'T LOWER THEM IN THE 110TH CONGRESS

Dear Member of Congress:

As organizations concerned with public health and safety, alcohol and other drug abuse prevention and treatment, fiscal responsibility, and the well being of young people and families, **we strongly urge the 110th Congress to seriously consider a long over-due alcohol tax increase to achieve budgetary goals and help pay for the prevention and treatment of alcohol-related problems.** We correspondingly urge you to refrain from co-sponsoring alcoholic-beverage industry-backed legislation to reduce alcohol excise taxes, and to reject alcoholic-beverage industry appeals to include such cuts in any new tax proposals under consideration in the 110th Congress.

**Congress has many reasons to INCREASE (not lower) federal excise taxes on alcoholic beverages: An increase in federal alcohol excise taxes is long overdue.** In the last 50 years, effective tax rates on alcoholic beverages have fallen dramatically with inflation. As prices rise, the relative importance of the taxes shrinks, unless Congress raises them. For example, had the beer tax merely kept up with inflation, it would be more than three times today's rate of \$18 per barrel; the liquor tax would be more than five times its current rate of \$13.50 per proof gallon. In fact, beer and wine taxes have been raised only once in the past 55 years, liquor taxes only twice. As a result, tax revenues that accounted for 12 percent of the sales of alcohol in 1980 now amount to only 7 percent of total sales. The result is a de facto subsidy on drinking and extra profits for alcohol manufacturers at the expense of taxpayers.

**An increase in federal alcohol excise taxes is justified.** Current alcohol-tax revenues (some \$8.9 billion at federal level) don't come close to offsetting the staggering public health and safety costs of alcohol consumption – estimated at \$184 billion per year, including \$62 billion per year for the costs of underage drinking alone. Recognizing that cheap alcohol puts it in easier reach of kids, the National Academy of Sciences recommended alcohol tax increases, especially on beer. That call was echoed last spring in a petition to Congress from 60 of America's leading economists, including 4 Nobel Prize

Winners, who agree that an alcohol tax increase is overdue and well-justified.

**An increase in federal alcohol excise taxes is popular, compared with cutting critical social programs.** Most Americans would barely notice a tax change, because they either don't drink (35%) or drink sparingly (55%). A tax increase would affect primarily the minority (20%) of drinkers who consume some 85% of all the alcohol. In a national survey, nearly 82 percent of adults favored an increase of five cents per drink in the tax on beer, wine, or liquor to pay for programs to prevent minors from drinking and to increase the availability of alcohol treatment programs. In surveys on

alcohol excise taxes conducted in several states, results have consistently shown that between 76 and 80 percent of respondents believe that increasing alcohol taxes is "good" or "acceptable," or that they support an increase in alcohol excise taxes.

**An increase in federal alcohol excise taxes is fair.** A tax increase on alcoholic beverages will not unduly burden low-income people, who drink at lower rates than those with higher incomes. For example, according to Adams Beer Report, 33.7% of consumers with incomes greater than \$75,000 drink regular beer, compared to an average of only 25.7% of consumers with incomes less than \$40,000. Only 22% of consumers with incomes less than \$20,000 drink regular beer. Beer drinkers are over-represented among those in higher income categories. Sixty percent of beer consumers have incomes above \$40,000, compared to only 53.4% of the entire adult population at that income level. Even with the last increase in 1991 (under the *Revenue Reconciliation Act of 1990*), the relative price of beer has fallen by more than 25 percent relative to the Consumer Price Index, and the price of liquor has fallen almost 50 percent over the past five decades. Meanwhile, alcohol sales have flourished. Beer sales have grown steadily over the past 15 years, from \$44.6 billion in 1989 to nearly \$82.4 billion in 2004. In the same period, spirits sales soared more than \$20 billion and wine sales grew by \$11.4 billion.

A 2005 report of the Congressional Budget Office estimated that modestly increasing and reforming alcohol taxes could generate almost \$27 billion in new revenue over five years. **Please support a seriously overdue and well-justified increase in the federal excise tax on alcoholic beverages, and resist alcohol-industry appeals to lower them. Such an increase is historically over-due, justified, popular, fair – and the right thing to do.** If we can be of any assistance to you on this important issue, please contact Kimberly Miller of the Center for Science in the Public Interest at (202) 777-8338. Thank you for your consideration.

Sincerely,

Signed, by fifty-one signatories,

Including:

- 2 national church bodies:
  - The United Methodist Board of Church and Society; and,
  - The Ethics and Religious Liberty Commission of the Southern Baptist Convention; and,
- 16 National organizations leading in the fields of treatment and prevention of alcoholism, and,
- 33 Other regional groups leading in the field treatment and prevention of alcoholism.

## **AADIF (d/b/a MICAP) MEETING DATES FOR 2008**

- 1<sup>st</sup> Quarterly Meeting: February 19, 2008  
This meeting may be held at Brighton.  
Call the MICAP Office for location.  
(517)323.2445, or (517)484.1770
- 2<sup>nd</sup> Quarterly Meeting, May 20, 2008  
This is our Annual Meeting with election of officers.
- 3<sup>rd</sup> Quarterly Meeting, August 19, 2008  
Possible speaker: George Hacker from  
The Center for Science in the Public Interest,  
From Washington, D.C.
- 4<sup>th</sup> Quarterly Meeting, November 18, 2008

Unless otherwise announced, meetings are held at Central United Methodist Church, 215 North Capitol Avenue, Lansing, Michigan 48933. The meetings run from 12 Noon to about 3:00 p.m. Our meetings are "open meetings and guests are welcome. MICAP-RECAP readers are especially invited.

## **UPDATE (from the October MICAP-RECAP) ON HOUSE BILL 4573.**

You will remember that our forefathers built Checks and Balances into the ACCESS to beverage alcohol. This Bill attempts to add serving hours by from 2 a.m. to 4 a.m. Monday through Saturday, and extending Sundays hours by opening at 7:00 a.m. instead of Noon.

Our representatives have received a number of e-mails on this and it appears as if the FAST-TRACK it was on has slowed down somewhat. I am told by a friend of mine who is a Representative that the Voting Boards were left open (voting) twice recently while those who favored HB 4573 went through the House trying to twist the arms of those who didn't. On both occasions, there were not enough "yes" votes to adopt the measure. That is good.

What isn't good is that our legislature doesn't end on December 31, 2007. It continues into 2008. And that means that the bills that have been read through 2007 do not die at the end of the year. SO? We will have to be vigilant throughout 2008 as well.

I urge you to call or write to your Representative and remind them that this is bad Social Policy. It may be good for the Beverage Alcohol Industry, but it is bad policy for the average citizen and the State of Michigan.

Letters may be sent to them at: P. O. Box 30014, Lansing, Michigan 48909-7514.

E-Mails may be sent to Democrats or Republicans as follows:

Democrats: <[www.housedems.com](http://www.housedems.com)>  
Republicans: <[www.gophouse.com](http://www.gophouse.com)>

## **BEVERAGE ALCOHOL IS NOT AN ORDINARY COMMODITY**

There are those who say that MICAP and other organizations like ours have our heads in the sand. They would like us to believe that beverage alcohol consumption is the NORM, and not the exception.

But in September, when we attended the Annual Meeting of the American Council on Alcohol Problems, we were reminded that about 40% of the adult population in our nation self-reveals that they do not drink alcoholic beverages.

When you add to that another 15% to 18% of the population that only drinks a "toast" on special occasions, such as wedding receptions, anniversaries, or holiday gatherings, we are reminded that nearly 55% of the population are non-drinkers.

And since Beverage Alcohol is not an "ordinary" commodity, it is proper to have some controls surrounding its use. Those controls include the number of establishments available to sell and/or serve it in a given area, the age at which a person may purchase beverage alcohol, the "open hours" for the sale of beverage alcohol, and taxation.

Given the destructive consequences of the abuse of beverage alcohol, it is important to have these controls in place. Those destructive consequences include such things as death, disease, Fetal Alcohol Syndrome, suicide, homicide, bankruptcy, lost job productivity, dollar expenses for medical and social costs, personal and family abuse, and other concerns.

NO! Beverage Alcohol is not like wheat, from which we get bread and the whole world is fed. It is not like milk which makes bones strong and bodies healthy. Used without personal and social control, it wreaks havoc on people and society.

Beverage Alcohol is not an "ORDINARY" commodity. It is not only OKAY to have the controls in place, it is GOOD to have those controls in place. And it is BAD to not have them in place.

In some of our future MICAP-RECAPS, we'll be sharing about the roots of cancer and how beverage alcohol contributes to such a disease. In another, "Why is the Liquor Control Commission under the Department of Commerce (in sales) when they are supposed to be the agency setting controls on our behalf?" Stay Tuned!