

Christian Life Commission



Alcohol and Addiction – Alcohol Excise Taxes 82nd Legislative Session

It has been 27 years (1984) since alcohol excise taxes were increased in the State of Texas.

Bringing Texas beer and wine taxes in line with the current liquor or cigarette taxes could **raise \$768 million to \$1.4 billion in revenue per year, respectively**, for our state during this budget crisis.

Texans Support Increasing Alcohol Taxes

According to the 2010 Texas Lyceum Poll, a majority of Texans say increasing alcohol taxes would be their first or second choice to raise additional revenue to cover budget shortfalls. In surveys conducted in several states on alcohol excise taxes, results have consistently shown that between 76% and 80% of respondents either consider increasing alcohol taxes is “good” or “acceptable,” or support an increase in state alcohol excise taxes.

Public Health Effects – Underage Drinkers

- **Cheaper alcohol translates to increased underage drinking.** As a result, the both recommend an increase in alcohol excise tax to reduce underage consumption.
- **Youth and young adults are more sensitive to small price increases than adults.** The price on alcohol is negatively correlated with the amount and how often youth consume alcohol.
- **Higher excise taxes reduces the four indicators of violent acts:**
 - Getting in trouble with the police or other college authorities
 - Damaging properties
 - Getting into an argument or a fight
 - Taking advantage of another person sexually or being taken advantage of sexually

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Raising Alcohol Rates (Beer and Wine) by \$1.00 – Equaling the Recent Increase for Cigarettes

- Beer is currently taxed at roughly 19¢/gallon and wine is currently taxed at roughly 20¢/gallon
- Beer tax generated \$103 million in 2010, by adding \$1.00 we would generate \$630 million annually
- Wine tax generated \$11 million in 2010, by adding \$1.00 we would generate \$64 million annually

Add \$1.00 to the current tax rate for beer and wine to generate over 4x more revenue from alcohol annually.

Revenue Source	Current Tax Rate	Revenue: 2010	Proposed Tax Rate	Estimated Revenue at New Rate
Beer	19.4¢/gal 1.2¢/12-oz can	\$103,958,378.23	\$1.19/gal 11¢/12-oz can	\$637,682,835.53
Liquor	\$2.40/gal 2.8¢/1.5 oz	\$66,671,098.85	(no change)	\$66,671,098.85
Wine (<14% alcohol)	20.4¢/gal 4.08¢/750 ml bottle	\$10,939,860.01	\$1.20/gal 24¢/750 ml bottle	\$64,352,117.71
TOTAL		\$181,569,337.09		\$768,706,052.09

Raising Alcohol Rates (Beer and Wine) by \$2.20 – To More Closely Match the Current Liquor Tax

- Beer is currently taxed at 19¢/gallon and wine is currently taxed at roughly 20¢/gallon
- Beer tax generated \$103 million in 2010, by adding \$2.20 we would generate \$1.2 billion annually
- Wine tax generated \$11 million in 2010, by adding \$2.20 we would generate \$128 million annually

Add \$2.20 to the current tax rate for beer and wine to generate nearly 8x more revenue from alcohol annually.

Revenue Source	Current Tax Rate	Revenue: 2010	Proposed Tax Rate	Estimated Revenue at New Rate
Beer	19.4¢/gal 1.2¢/12-oz can	\$103,958,378.23	\$2.30/gal 22¢/12-oz can	\$1,232,496,236.75
Liquor	\$2.40/gal 2.8¢/1.5 oz	\$66,671,098.85	(no change)	\$66,671,098.85
Wine (<14% alcohol)	20.4¢/gal 4.08¢/750 ml bottle	\$10,939,860.01	\$2.40/gal 48¢/750 ml bottle	\$128,704,235.41
TOTAL		\$181,569,337.09		\$1,427,871,571.01

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