



## Increased Alcohol Taxation Rates

### Background

There has been no increase in Indiana alcohol tax rates since 1981<sup>1</sup>—the state remains at \$0.115, \$2.68, and \$0.47 per gallon for beer, liquor, and wine, respectively.<sup>2</sup> Alcohol is now relatively more affordable for consumers than it was several decades ago.<sup>8</sup> While there have been several attempts to raise this rate, none have been successful, and Indiana is ranked 42 out of the 50 states in terms of alcohol tax rate.<sup>3</sup> Low alcohol taxation rates have long been the subject of research aimed at determining the relationship between the price of alcohol, alcohol consumption and related harms. There is currently strong evidence showing that increased alcohol price can reduce levels of consumption and negative health outcomes resulting from over-consumption, including alcohol-related morbidity and mortality, traffic fatalities, and other factors such as violence and sexually transmitted disease.<sup>6</sup>

### Current Research

A statistical analysis including data from over 100 studies calculated average estimates of alcohol price elasticity, a measure of the relationship between a good's price and demand for said good. Researchers concluded that vast majority of research supports the idea that there is an inverse relationship between alcohol price and alcohol consumption—that is, when the price of alcohol goes up, demand for alcohol goes down.<sup>4</sup> A similar overview of recent research relating to alcohol price elasticity and the effectiveness of increased taxation policies in reducing consumption levels, found that 10% increases in alcohol price would lead to a 3-10% decrease in consumption rates.<sup>5</sup>

Additionally, the review found that an increase in alcohol price would likely lead to a statistically significant decrease in non-traffic related mortality, including cirrhosis-related deaths.<sup>5</sup>

Another analysis examined data from 50 articles, focusing on measures and projections for alcohol-related disease and injury, violence, suicide, traffic crashes, STDs, drug use, and crime. Researchers concluded based on their analysis that doubling the alcohol tax would reduce all of these measures, apart from suicide rates, in a statistically significant way—alcohol-related mortality was projected to decrease by 35%, traffic crash fatalities by 11%, STD rates by 6%, violence by 2%, and crime by 1.4%.<sup>6</sup>

Research abroad confirms these results, as an examination of 18 different pricing policies in England supports American findings. Overall, researchers saw a strong correlation between increased prices and decreased consumption. This change in consumption rate was also linked to lowered healthcare costs and increased overall quality of life.<sup>7</sup>

Based on the weight of this and additional available evidence, the Task Force on Community Preventive Services concludes that the price of alcohol per unit should be raised in order to curb excess consumption and alcohol-related harms. Additionally, they state that in order to keep prices consistently high, regular adjustments should be made to tax rates to keep up with inflation.<sup>9</sup>

### Community Resources

If you believe that low alcohol tax rates are negatively impacting your community, there



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are ways in which you can investigate this perceived issue.

- If you would like to determine overall spending on alcohol in your county, [click here](#).
- If you believe that low alcohol price may be impacting drunk driving rates in your community, you can visit the CDC's site learn more about [Indiana's rates of drunk driving](#).
- If you believe that alcohol availability might be influencing crime rates in your area, you can view an overview of crime rates in Indiana by county [here](#).
- Since any changes in tax rates must happen at the state level, your community may want to advocate for policy change. [Community Anti-Drug Coalitions of America](#) (CADCA) may have [resources](#) that can assist with community advocacy.
- For information on Indiana's state representatives, visit the [U.S. House of Representatives' website](#).
- For information on Indiana's Senate members, visit the [United States Senate website](#).
- For more information on elected officials and the legislative process in the state of Indiana, visit the [Indiana government website here](#).

## References

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