

Lessons Learned From Diverse Experiences in Changing Alcohol Taxes in the USA

Preliminary Case Study and Content Analysis Findings

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Lessons Learned From Diverse Experiences in Changing Alcohol Taxes in the USA

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- Co-authors: Samantha Cukier, MBA, MA, Katherine Clegg Smith, PhD, and David Jernigan, PhD
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Alcohol Regulation in the United States

21st Amendment

The 21st Amendment of the U.S. Constitution explicitly gives states a substantial role in regulating the alcohol trade.

“The transportation or importation into any state, territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.”



Alcohol Regulation in the United States: 21st Amendment

After the end of Prohibition, each state was responsible for creating a structure to regulate the distribution, sales and consumption of alcoholic beverages.

- License and control states
- Licensing, enforcement, and adjudication powers
 - Prices and taxes

Tax Changes in Three States

State	Year Implemented	Excise or Sales Tax	Tax Change
Illinois	2009	Excise	Beer/Cider – from 18.5¢ to 23.1¢ per gallon Wine – from 73¢ to \$1.39 per gallon Liquor – from \$4.50 to \$8.55 per gallon
Maryland	2011	Sales	9% for on- and off-premise alcohol purchases vs. 6% for purchases of all other goods
Massachusetts	2009	Sales for off-premise only	6.25% (off-premise purchases no longer exempt from general state sales tax)



Methodology: Case Studies

- Collect key background materials
- Key informant interviews/structured discussions
- Use of NVivo 10 for coding of interviews, documents, and to identify key themes



Methodology: Content Analyses

- Select four newspapers in each state
- Search terms: *Alcohol AND (Tax or Excise)*
- Time Frame: Two years
 - Massachusetts exception
- Development of codebook and rulebook

Preliminary Case Study Findings

	IL	MA	MA repeal	MD
Past experience with leg. initiatives	++	++		+++
Key politician support at onset	+	++		
Grassroots organizing by proponents	+	+	+	+++
Grassroots organizing by opponents	+	+	+++	++
Media advocacy/exposure	+	++	++	+++
Gains for field		++		+++
Use of public health research	+	+		+++
State health department		+		

Preliminary Findings: Case Studies

- Some campaigns are large, public debates while others happen quietly, largely behind the scenes.
- Public health research is necessary, but certainly not sufficient.
- It's all about the revenue, and in some cases, dedicated funding is the key motivation.



All states had past experience.

- Illinois – alcopops reclassification in 2007
- Maryland – alcohol tax increase bills introduced in legislature for at least 15 years
- Massachusetts – advocacy for prevention and treatment funds and alcohol tax increase for 10+ years
- Massachusetts alcohol industry– ballot initiative on grocery stores to have unlimited number of alcohol licenses in 2006

Some campaigns are large, public debates while others happen quietly, largely behind the scenes.

“There really wasn’t a huge grassroots organization, there wasn’t paid media, there weren’t editorial boards, there really was more of a grass tops campaign.” (IL advocate)

“I think the biggest strength was that they created their own coalition...it had its own infrastructure...they were not asking for permission, and they were making it visible, and they were going to push and push.” (MD state delegate)

“If you can get legislative language into the state budget...you’re not forcing legislators to vote for an independent tax...there were 200 other positive things they could say they did with that vote if they were getting any heat.” (MA advocate)

Political Will

“We were told from the Senate President you mount the campaign, you get the support and then I’ll support you, but I’m not going to guarantee you that you’ll get the money; you guys have to do the ground work.” (IL advocate)

“The general rule in MD is that you have to have one of the big three to really want it: the Governor, the Speaker or the Senate President. We went into the 2011 session without any of them. So we really had to push this from the ground up.” (MD advocate)

“No one in office was a leader on the issue. I believe that we would have won if anyone who was elected would have stood up and explained the issue.” (MA former state senator)

The role of public health research: helpful but not sufficient

“The research helped confirm my gut feeling that it’s the right thing to do...My colleagues have had years of dinners, cocktail parties (all in completely legal ways of course) where the alcohol industry has given them a completely different view of the impact of raising taxes on their product, so while the research demonstrates all the benefits of raising the taxes, it’s not what my colleagues are accustomed to hearing.” (MD state senator)

“It positively influenced me, but it played a marginal role in the campaign. I don’t want to give such a cynical view, but in reality, that was never the reason it happened.” (MD state delegate)

It's all about the revenue...

“I think we were probably starting to see some serious financial constraints on the state’s budget and perhaps people were more amenable to reconsider that as an option for generating revenue.”
(IL advocate)

“I think the legislature was like everyplace else, struggling for money...They needed the money.” (MA package store owner)

“I think that what worked in our favor this year was the economic times. You had [key] people ...open to a tax increase.” (MD advocate)



...and the dedicated funding.

“When President Cullerton claimed the bill, it was over for us...you have to have broad support to get dedicated funds.”
(IL advocate)

“Once they threw some bones to the developmental disability community and that they were going to include the school construction, I knew that the bill was going to pass.” (MD alcohol industry lobbyist)

“They put in language that created a Substance Abuse Trust Fund...voters are more inclined to support a tax if they know exactly what the revenue is going towards.” (MA advocate)

Press Content Analyses

N (%)	IL	MA	MA repeal	MD
Number of articles	60	183	155	239
Editorials	0 (0)	24 (13%)	19 (12%)	31 (13%)
2+ Paragraphs	18 (30%)	39 (21%)	73 (47%)	135 (56%)
Public health research	1 (2%)	6 (3%)	7 (5%)	26 (11%)
State budget needs	5 (8%)	102 (56%)	49 (32%)	142 (59%)
Funding for specific causes	47 (78%)	29 (16%)	54 (35%)	117 (49%)
Cross-border sales	2 (3%)	45 (25%)	47 (30%)	28 (12%)

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Media Messages/Strategy

“The bill was put out there to get the media, to get the discussions, to say we’ve got something on the table. So we weren’t expecting the bill to move, but we needed it to continue the campaign.” (IL advocate)

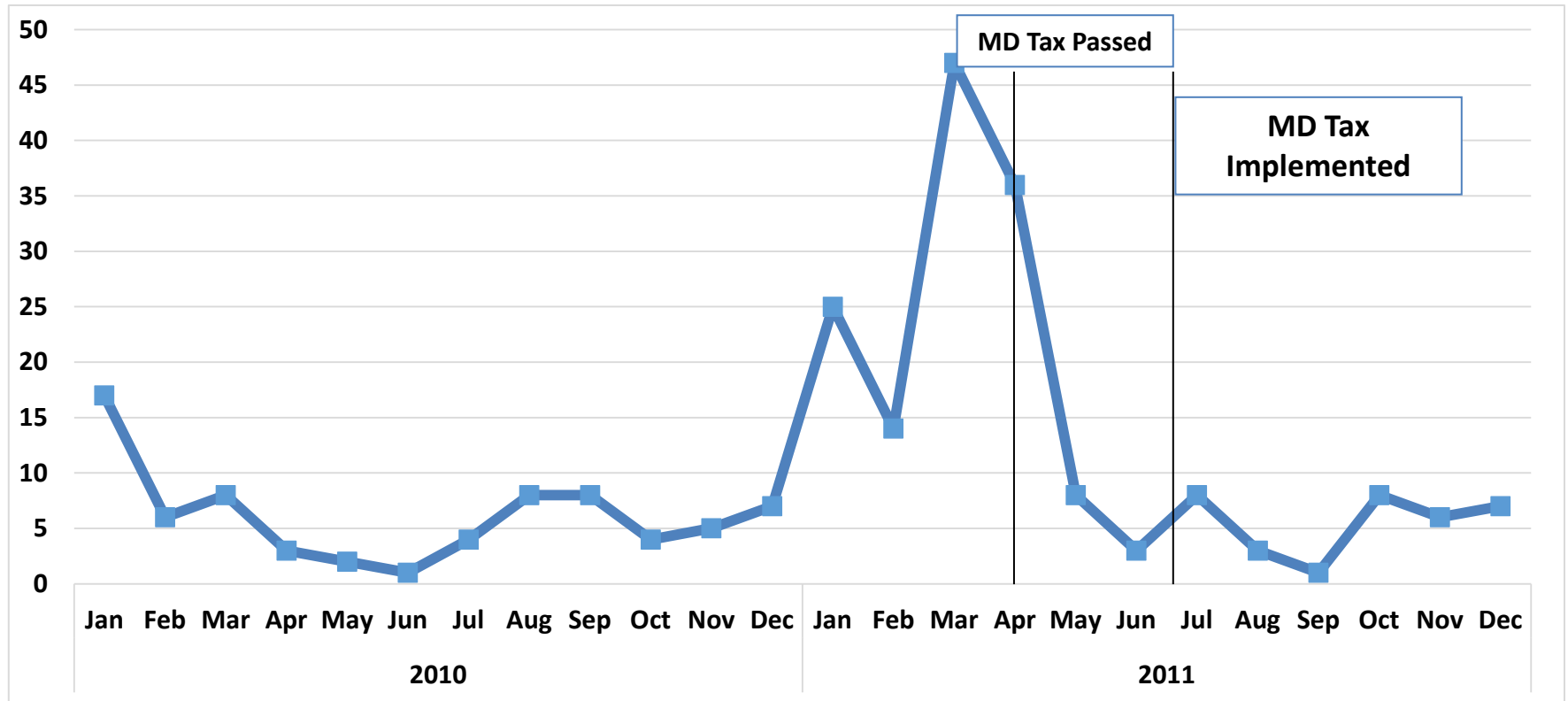
“We tested certain messages...the one that polled the largest was ‘Alcohol doesn’t deserve a tax break.’” (MA advocate)

“I’ve been working with these journalists...through the tobacco tax of 2007...all along the way I said the next big revenue source was going to be the alcohol tax. All through 2008 and 2009 I was talking to journalists to let them know this was coming, and this is just routine for us.” (MD advocate)



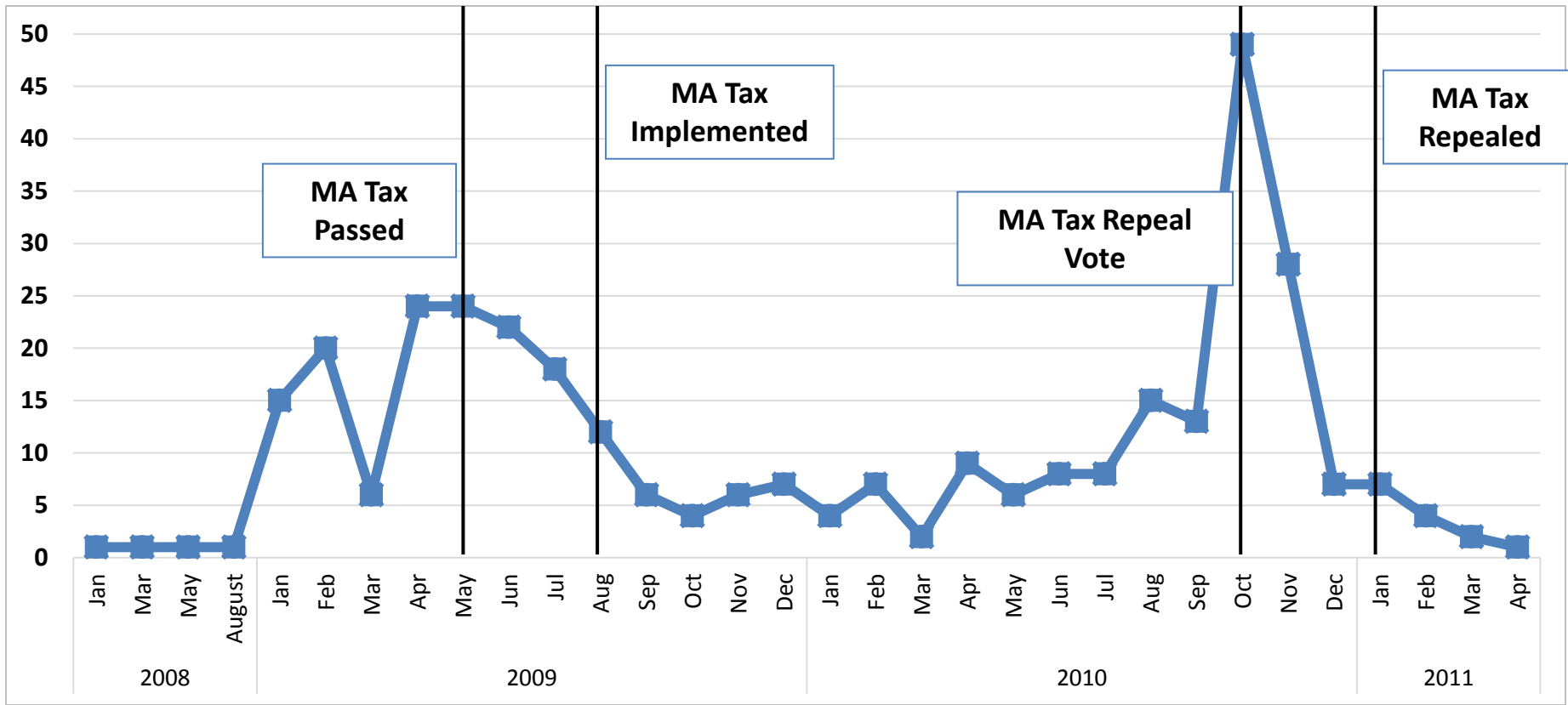
Maryland Timeline

Number of newspaper articles per month re: passage of the MD alcohol tax



Massachusetts Timeline (passage and repeal of tax)

Number of newspaper articles per month re: MA passage and repeal





Conclusions: Content Analysis

- Volume of coverage varied but did not prevent passage of tax.
- Maryland had highest percentage of articles primarily focused on alcohol tax and most articles that focused on public health impact.
- Media messages on general state budget needs versus funding for specific causes varied greatly by state.
 - Funding for specific causes were not necessarily causes initially promoted by campaigns.
- Concern about cross-border sales were most often mentioned in states that share borders with states with low/non-existent taxes.

Preliminary Case Study Conclusions: Key Decision Points

- Excise tax or sales tax?
- Strength and breadth of coalition
 - Dedicated funding?
- Role of public health research
- Timing
- Media approaches

Thank you!

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