

# Position Paper

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## Dedicated Alcohol Taxes to Support Treatment and Prevention for Alcohol and Other Drug Addictions

In March 2003, the Governor introduced a budget that cut funds for the drug and alcohol treatment system by over 50 percent. This came at a time when the system was already considered by most to be dramatically under funded. As a result of the concerted efforts of concerned Pennsylvanians, most of the funds were restored. **Now is the time to promote changes that will assure that this does not happen to the drug and alcohol program again.**

Even with old funding levels restored, waiting lists exist all over the state, clients go untreated late in the fiscal year due to exhausted funding sources, or leave treatment too soon due to limited funding. Citizens remain incarcerated when they could be in treatment due to lack of treatment funding. More funding must be devoted to prevention initiatives to protect our children from the dangers of alcohol and other drug use.

Funding for drug and alcohol treatment and prevention services lags far behind the need. The problems of addiction permeate many other systems within the Commonwealth such as education, health care, law enforcement, welfare, domestic violence, child abuse services, and children's services including foster care, and health and car insurance. These problems result in unnecessary costs and significant cost shifting. Every dollar spent on drug and alcohol treatment and prevention will save countless dollars in these other systems. But given the constraints on funding, we cannot simply take from other systems to fund drug and alcohol services. **We need a source of secure funds to invest that will result in significant savings in these other systems. We recommend that initiatives be developed to assure the fair and appropriate use of taxes on beer, wine and liquor.**

Now is the time for Pennsylvania to institute a dedicated tax on beer, wine, and liquor to help pay for the needed drug and alcohol treatment and prevention. The precedent has been set with the tobacco settlement, which dedicates funds to treatment and prevention initiatives, and the new gambling initiative, recently passed includes dedicated funds for treatment. It is understood that these products can cause harm to some citizens. The same is certainly true for alcohol.

It is also important to note that the state is working hard to make wine and liquor more accessible by opening stores on Sundays, and expanding sales within grocery stores, border stores, super stores, etc. This increased accessibility to alcohol must bring with it a commitment to treatment and prevention.

In addition, the Legislature voted to lower the alcohol level for a DUI to .08, which will result in increased DUIs, increased costs to local communities, and an increased need for treatment.

There are two ways to make it happen:

1. There exists a tax on wine and spirits often referred to as the Johnstown Flood Tax or the Emergency Tax. This tax is 18 percent and generated approximately \$207 million dollars last year. There has been some discussion about the Commonwealth eliminating this tax or dedicating it for other purposes. Legislation was introduced last session (HB 1898) and has been reintroduced this session (HB 604) by Representative Ron Raymond (R-162) that would eliminate this tax. **This tax should not be eliminated, but should be dedicated to the existing state funded drug and alcohol treatment and prevention services. This could be a revenue neutral initiative and a win/win for all:**
  - The drug and alcohol community wins because there is secure source of funding for services that has significantly increased each year for the last 10 years;
  - The Commonwealth does not lose a significant revenue source; and
  - The alcohol industry and the Commonwealth can demonstrate a commitment to assisting citizens who have problems with the product they produce and/or promote.
2. Pennsylvania has one of the lowest beer excise tax rates in the country. Currently the beer tax is at \$0.08 per gallon. The median is \$0.185 and the highest state tax is \$1.07. **The beer tax has not been increased in Pennsylvania since 1948.** If the tax on beer were increased from \$0.08 to \$0.24 per gallon, it would generate approximately \$52.6 million. Almost 70 percent of all alcohol consumed in Pennsylvania is beer. Revenue realized from an increase of the tax on beer should be used to provide drug and alcohol treatment and prevention programs.

Several meetings have been held with a wide range of Pennsylvania based organizations who are supportive of this initiative. Additionally two national organizations, The *Center for Science in the Public Interest*, (CSPI) and the American Medical Association have provided valuable technical assistance.

The recent funding crisis has put drug and alcohol issues on the radar screen of the Legislature and the Administration. Continuing the momentum now is crucial. An opportunity exists now to make important and lasting changes for the system.