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Non-partisan group pushes for higher alcohol taxes

Cash-strapped drinkers may soon have a reason besides the lousy economy to cry a tear in their beer - a nonpartisan group is pushing Idaho lawmakers to raise the tax on beer and wine, saying the money should be put toward substance abuse treatment programs. Keith Allred, executive director of The Common Interest, discussed the proposal Thursday at a legislative preview hosted by The Associated Press.

The state tax on beer, currently set at 15 cents per wholesale gallon, hasn't been raised since 1961, Allred said, and the wine tax (currently 45 cents per gallon) hasn't been raised since it was established in 1971. Distilled spirits are not taxed, because the state-run Idaho Liquor Dispensary already receives all profit from spirit sales.

Allred proposed hiking the beer tax to 52 cents per gallon and the wine tax to \$1.56 per gallon, and using the additional \$19 million raised by the hike to pay for substance abuse programs. That, in turn, would likely reduce the state's overcrowded prison population, he said, saving money that would otherwise have to be spent on building more prisons.

"Consumption of alcohol brings known economic costs with that," Allred said. The tax would "offset a tiny portion of the broad economic costs."

But Bill Roden, a former lawmaker turned lobbyist representing the beer and wine industry, said the proposal amounted to a selective excise tax that would unfairly make a portion of the population responsible for paying for a public health problem.

The majority of inmates in Idaho prisons attributed their criminal behavior to methamphetamine abuse, not alcohol, Roden said. Beer and wine are already taxed by the state, but that money is sent to the permanent building fund and other programs - and a better solution would be to shift that money to substance abuse treatment, Roden contended.

If a tax increase has to be imposed, it should be done at the retail level rather than at the wholesale level, he said. Taxes collected at the wholesale level still mean consumers pay more for alcohol, but they often don't realize the additional money is for a tax because its built into the sticker price instead of being added on at the register. Taxes added at the register - such as the sales tax - are more transparent, he said.

Currently, someone who drinks three beers a week pays \$2.18 a year in taxes - and that number would climb to \$7.64 a year under the proposal from The Common Interest. Those who indulge in three glasses of wine per week would pay \$9.52 in taxes a year instead of the current \$2.81, Allred said.

Heavy drinkers would feel the increase a bit more, with someone who drinks 12 beers a week paying \$30.58 in taxes a year compared to \$8.72.