



Alcohol Excise Taxes in Texas

Just the Facts

1. Contrary to popular belief, excessive alcohol use increases with income, with those most likely to binge drink earning more than \$75,000 per year. Binge drinking is a luxury activity that most people cannot afford. Increasing the alcohol tax results in savings due to less spending on alcohol, as well as savings in health care costs due to fewer alcohol-related health complications. When a drop in excessive alcohol use occurs in families with less disposable income, the added benefits of fewer health care costs due to fewer alcohol-related health complications have a greater positive impact on the pocket book.
2. There is substantial research that raising the price of alcohol reduces alcohol-related mortality, traffic crash mortality, sexually transmitted diseases, violence and crime.¹
3. Louisiana, Oklahoma, New Mexico and Arkansas all have higher excise tax rates for each type of alcohol except for wine in Louisiana, which is only slightly lower than in Texas. Texans pay on average 50% less in alcohol excise taxes than neighboring states.
4. Alcohol excise tax rates have not been raised in Texas since 1984 and are not indexed for inflation so they have lost more than half of their intended value.
5. The 2010 Texas Lyceum poll indicated that a majority of Texans say increasing alcohol taxes would be their first or second choice to raise additional revenue to cover budget shortfalls.
6. Estimates of job losses by the alcohol industry only look at the gross impact on jobs in their industry. They do not account for the jobs created by increased consumer spending on other goods and services when spending on alcohol is reduced and as well as the jobs created by government spending of new alcohol tax revenues. Placing the funds generated by a 10 cent excise tax increase per drink into Texas' General Fund would generate a net increase of 15,189 jobs.¹
7. Research indicates that increasing the cost of drinking can positively affect adolescent decisions about alcohol use.² When alcohol costs more, youth consume less and drink less often. Youth are more price sensitive to small price increases than adults.³

² Diaz, Chaloupka. The Effects of Alcohol Excise Tax Increases in Texas, 2014.

³ The Surgeon General's Call to Action To Prevent and Reduce Underage Drinking, 2007.

⁴ Grossman, M., Chaloupka, F.J., Saffer, H.&Laixuthai, A. 1994. Effects of alcohol price policy on youth: A summary of economic research. Journal of Research on Adolescence.