



# Reducing Alcohol Harms with Excise Taxes: What You Need to Know



## WHAT ARE ALCOHOL EXCISE TAXES?

Excise taxes on alcohol are designed to reduce alcohol-related harms. Higher prices reduce consumer demand. Such harms can include long-term health impacts from excessive consumption, crime, violence, motor vehicle crashes, and underage drinking. Often, revenues are set aside to address the taxed product's harmful effects. Like other states, Vermont levies additional alcohol taxes. In addition, Vermont municipalities may impose a 1% local option tax on meals, alcohol, and other goods/services subject to the sales tax.

## DO ALCOHOL EXCISE TAXES WORK?

Multiple studies demonstrate the effectiveness of excise taxes. For instance, an American Journal of Public Health research reviewb showed that doubling alcohol taxes would reduce alcohol-related mortality by 35%, traffic deaths by 11%, sexually transmitted diseases by 6%, violence by 2%, and crime by 1.4%.

[CLICK HERE FOR CITATION](#)

**One groundbreaking analysis\*\*** showed that raising the price of alcohol by 10% would reduce the mortality rate associated with alcohol by as much as 25%, even when only accounting for alcohol-related diseases.

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Economists find that higher prices do deter low to moderate drinkers, but not heavy drinkers. (nber.org/papers/w15124)

## REDUCING ALCOHOL USE IS VITAL FOR VERMONT'S HEALTH

- Vermonters across all age groups drink alcohol at higher rates than the USA overall. [CLICK HERE FOR CITATION](#)
- A 2023 study showed that Vermont has the highest prevalence of underage alcohol usage for those aged 12-20 in the USA. [CLICK HERE FOR CITATION](#)
- In Vermont, high levels of alcohol use are associated with **one in four deaths (24.7%)** among those aged 20-34 and **one in five (19.3%)** of people aged 35-49. [CLICK HERE FOR CITATION](#)
- Alcohol-attributable deaths in Vermont **increased by 36% between 2017 and 2021.** [CLICK HERE FOR CITATION](#)
- Vermont ranks **#4 across states for the highest drunk driving rates.** [CLICK HERE FOR CITATION](#)

## CONSIDERATIONS

### FEDERAL LEVEL:

Support the Congressional Budget Office's efforts to raise federal excise taxes on alcoholic beverages. These recommendations provide two options:

- Standardize tax rates by using the proof gallon as the measure for all alcoholic beverages. The proposed rate is \$16 per proof gallon, or 25 cents per ounce of pure alcohol.
- Standardize tax rates by using the proof gallon as the measure for all alcoholic beverages, and index for inflation each year.

### STATE LEVEL:

Research the benefits and political feasibility of raising Vermont statewide alcohol taxes, as well as target amounts for consideration.

- A bill currently active in New Mexico (HB.230) would impose a 25-cent tax on alcoholic drinks.
- In 2011 Maryland raised the statewide sales tax on alcohol from 6% to 9%.

### LOCAL LEVEL:

Encourage municipalities to **implement a 1% local option tax on sales of alcoholic beverages**, and utilize revenue generated to fund addiction prevention and treatment programs.