



Alcohol Taxes Save Lives

Key Components of Alcohol Tax Bills

- Bill 1) Adjusts the alcohol excise tax by **25 cents per drink**. This would raise a total of \$88 million/year.
- Under current statute, the state would receive \$44 million, \$22 million would go to the counties, and \$22 million to municipalities (Section 2.) Section 3. Allows the revenues to be spent in an unrestricted manner toward alcohol harm cost mitigation.
- Bill 2) Adjusts alcohol excise tax by about **5 cents per drink**. 50% of the new revenues would support counties and 50% would be directed to municipalities. The intent is to support local services related to alcohol and drug prevention education.

Reasons to Support Alcohol Taxes

- **Alcohol Taxes Save Lives** - Alcohol Taxes reduce DUI fatalities, underage drinking, injuries, alcohol poisoning deaths, violent crime (including rape), fetal alcohol spectrum disorders, and even unintended pregnancies.
- **Alcohol Taxes Save Money** - Higher Alcohol Taxes are proven to reduce Medicaid spending, pressure on property taxes, costs to small businesses, hospital ER visits, vehicle insurance rates, and divorce rates.
- **In the era of \$5 coffee, asking between 5 cents and 25 cents per alcoholic drink is very reasonable.**
- Alcohol taxes in South Dakota have not been increased or adjusted for inflation since 1987 (30 years).
- **Alcohol pays only \$20 million in tax revenue annually, 47% less than in 1987 (adjusted for inflation).**
- **Alcohol harm costs \$600 million annually** - those costs are paid by South Dakota taxpayers and businesses, according to the Centers for Disease Control (CDC).
- **Alcohol Increases Property Taxes and other state taxes** - The CDC estimate includes about \$170 million to taxpayers (primarily state and county), most of which consume alcohol responsibly or not at all.
- **Alcohol is Bad for Business in South Dakota** - \$430 million in alcohol costs are passed to businesses through higher healthcare premiums, workplace injuries, workers' compensation, absenteeism, and lost productivity.
- **Higher Alcohol Taxes Reduce the Cost of doing business in South Dakota** - potentially drawing new businesses to the state. This is a more effective strategy for economic development than expanding the alcohol business - and forcing responsible taxpayers to pay the tab for alcohol harm.
- **Higher Alcohol Taxes Create Jobs** - **Increasing alcohol taxes by 25 cents per drink would have the NET impact of CREATING over 4000 jobs** when invested in public safety, healthcare and social services, according to research from Johns Hopkins University.
- For every dollar the alcohol industry pays in taxes, other South Dakota taxpayers and small businesses pay at least \$30 to cover the costs associated with alcohol harm.
- **Excessive drinkers will pay the vast majority of alcohol tax increases.**

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Frequently Asked Questions:

- *Won't this cost us jobs?* Did raising tobacco taxes or gasoline taxes cost SD jobs? Not at all. Increasing alcohol taxes by 25 cents per drink would have the NET impact of CREATING over 4000 jobs when invested in public safety, healthcare and social services, according to research from Johns Hopkins University.
- *Will people just DRIVE to other states?* There is ZERO evidence to support this. How many South Dakotans drive to neighboring states to save money on tobacco or groceries? Research shows the total is insignificant.
- *But I am against taxes, how can I support this?* Taxes on alcohol products are about personal choice, and rely on consumption - like gas and tobacco. Currently, alcohol harm costs are 'socialized' using property taxes, sales taxes, and by South Dakota small businesses. Research shows taxes based on consumption are more efficient because people have a choice in how much tax they pay, and whether they pay at all.
- *Will alcohol taxes impact low-income people and will they just become addicted to meth or opioids?* There is ZERO data showing alcohol taxes increase illegal drug use - in fact, the opposite is true. Alcohol is the #1 gateway drug. Many studies show higher-income households spend much more on alcohol than low-income households - and pay the majority of alcohol tax increases.
- *This sounds like prohibition.* We do not support prohibition of alcohol in any way. We simply believe responsible adult consumers deserve the right to pay the full cost for the privilege of enjoying their favorite adult beverage. Most responsible alcohol consumers agree!
- *If we raise the taxes, won't people just brew their own?* This option already exists. Research shows retail prices would need to go up by about 500% before people brew their own alcohol on a significant scale - SD is nowhere near that threshold.
- *Alcohol is already taxed enough* - Alcohol has not seen a tax increase in SD in more than 30 years. As a result, in most retail settings, alcohol products are cheaper than bottled water. What message does it send to kids when alcohol is cheaper than soda and water?
- *Sin Taxes Don't Work* - The only 'sin' is requiring taxpayers and small businesses to pay 97% of alcohol harm costs, while the alcohol industry and excessive drinkers pay only 3%.
- *Voters Don't want Higher Taxes* - Polls consistently show strong voter support for tobacco and alcohol taxation. Voters consistently support candidates who endorse alcohol taxes. Just ask them.
- Where can I get more information?
Email sdalcoholpolicy@gmail.com or call Matt Walz at 605-595-8575

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