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Maryland's 2011 Alcohol Sales Tax Reduced Alcohol Sales, Study Suggests

Increase in state's alcohol sales tax appears to have led to decrease in sales of spirits, beer and wine

Maryland's 2011 increase in the alcohol sales tax appears to have led to fewer purchases of beer, wine and liquor in the state, suggesting reduced alcohol use, new Johns Hopkins Bloomberg School of Public Health research indicates.

Specifically, sales of spirits (commonly referred to as "liquor") were 5.1 percent lower, beer sales were 3.2 percent lower, and wine sales were 2.5 percent lower. Alcohol sales are widely accepted as a proxy for alcohol consumption.

The study, led by researchers at the Center on Alcohol Marketing and Youth (CAMY) at the Johns Hopkins Bloomberg School of Public Health, is believed to be the first to examine the impact of alcohol sales taxes on sales of multiple types of alcoholic beverages. Earlier studies have suggested that excise taxes on alcohol can lead to fewer alcohol sales and reduced consumption.

Excessive alcohol use is responsible for an average of 88,000 deaths in the U.S. annually. Alcohol is more affordable in the U.S. now than at any time in the past sixty years, according to other research.

The new study is published online in the *American Journal of Drug and Alcohol Abuse*. The researchers found that the three percentage point increase in the alcohol sales tax, from six percent to nine percent, implemented in July 2011 was associated with a 3.8 percent decrease in total alcohol sales compared to what would have been expected if the tax had not been implemented.

"The vast majority of existing research on the public health impact of alcohol taxes has examined alcohol excise taxes, which are based on the amount of alcohol in a container but not its price," says study co-author David Jernigan, PhD, CAMY's director and an associate professor in the Bloomberg School's Department of Health, Behavior and Society. "The findings of this paper suggest that increased alcohol sales taxes may be as effective as increased excise taxes in reducing alcohol consumption, and sales taxes have an added advantage of rising with inflation."

For their study, the researchers compared alcohol sales in Maryland's 24 counties over the 18-month period before the sales tax went into effect with sales over the following 18 months.

Consumers often alter their behavior in response to changes in prices. Since sales taxes are a percentage add-on per dollar, consumers pay more for more expensive items. This likely explains why the alcohol sales tax increase in Maryland had a smaller effect on beer and wine relative to spirits, as the tax increases were lower in absolute terms.

In addition to being a significant cause of death, excessive alcohol consumption cost the country \$249 billion in 2010, or approximately \$2.05 per drink. In Maryland, excessive alcohol use is responsible for an average of 1,318 deaths each year and cost the state \$4.96 billion (\$2.22 per drink) in 2010.

The Task Force on Community Preventive Services, an independent panel of public health and prevention experts, recommends increasing alcohol taxes as an effective strategy for reducing these negative outcomes. Numerous studies have found that when alcohol consumption decreases so do the negative health and social outcomes related to excessive consumption.

For example, a recently published study found that gonorrhea cases in Maryland dropped significantly in the 18 months following the increase in the state's alcohol tax. The study, published in the [*American Journal of Preventive Medicine*](#), saw a 24 percent reduction in gonorrhea rates, or 2,400 fewer cases, in the state.

“Maryland’s experience with raising its alcohol sales tax is a powerful case study,” said Jernigan. “The potential public health benefit of increasing alcohol sales taxes as a strategy for reducing excessive drinking in states across the country is considerable.”

“[Impact of Maryland’s 2011 Alcohol Sales Tax Increase on Alcoholic Beverage Sales](#)” was written by Marissa Esser, PhD, MPH, Hugh Waters, PhD, Mieka Smart, DrPH, MHS, and David Jernigan, PhD.

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